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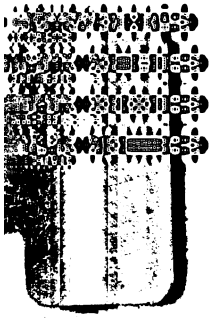

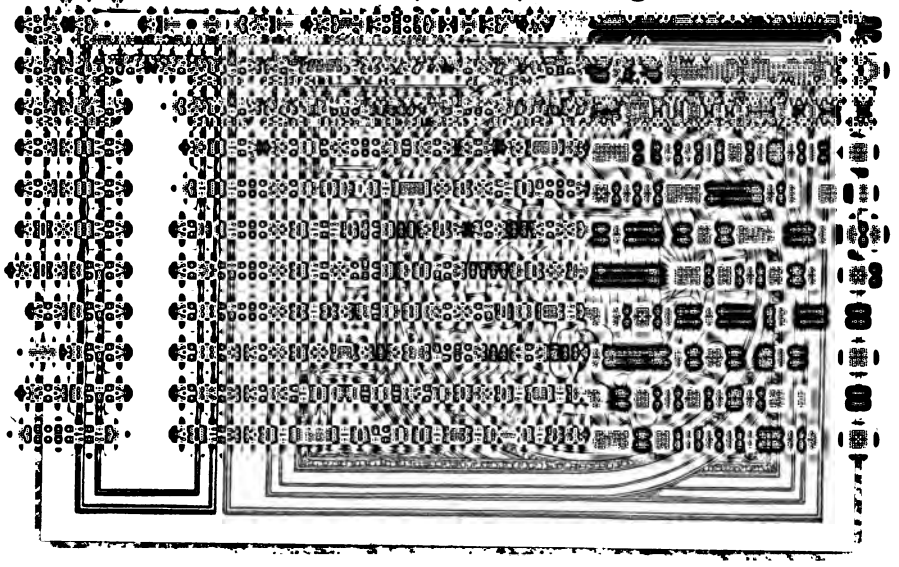

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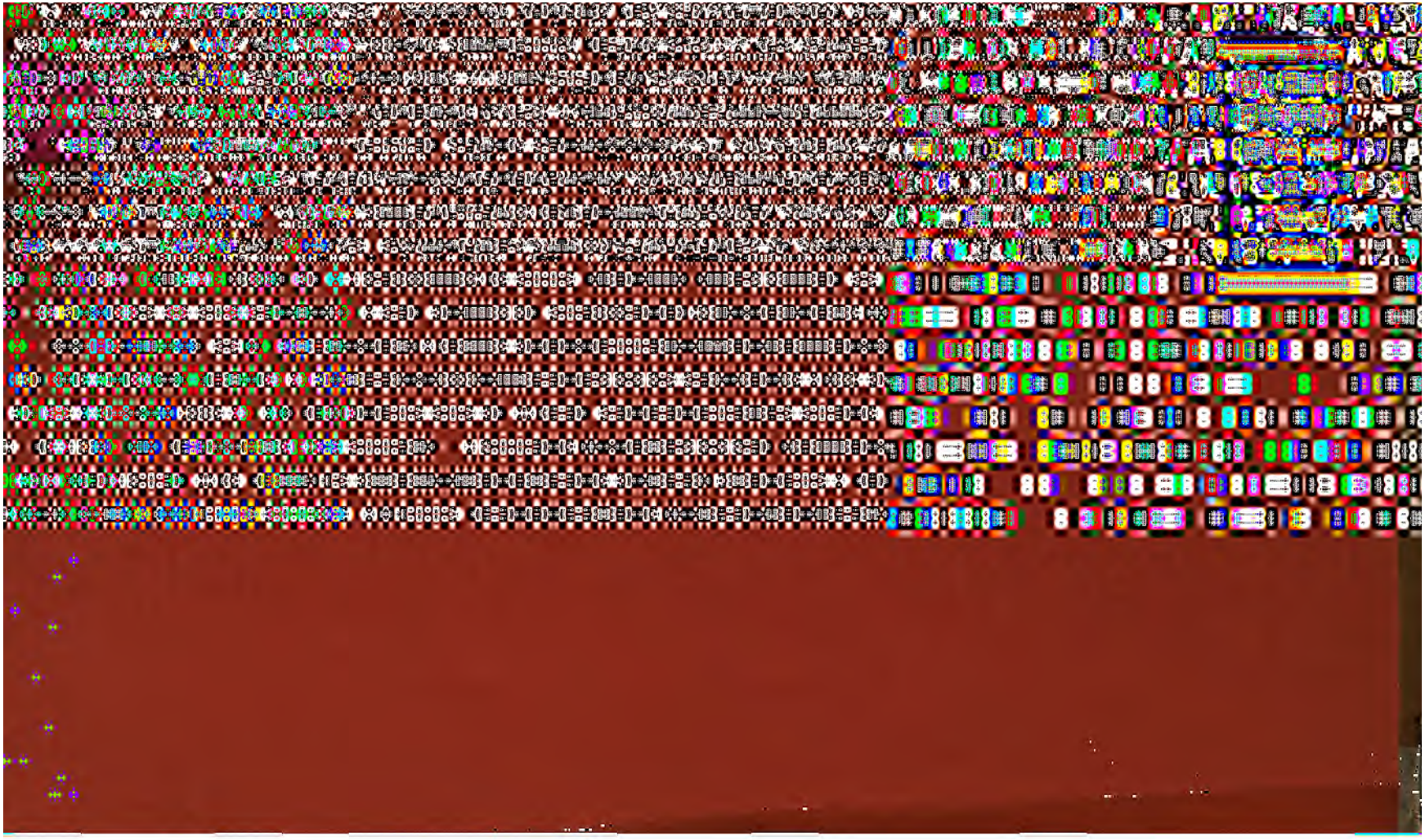

A SILVER SYMPOSIUM:

Being an Analysis of the Money Issue; containing Vital Facts on Free Coinage with Unanswerable Questions affecting this Campaign,

by JAMES F. HUDSON

IN

The Pittsburg Dispatch

UNIV. OF CALIFORNIA

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INTRODUCTORY.

I—The Business View.

Recognizing that the money question has been forced by events into a prominence which makes it one of the two leading political issues of the day, and having clearly and forcibly expressed its own views upon what it esteems the folly and utter impracticability of free coinage of silver, The Dispatch does not hesitate to give full publicity to anything that can be said upon the other side. For this reason it cheerfully prints the letter of J. W. B———, which appears this morning in another column, as that letter exhibits about as well as any other the line of thought upon which the silver people have been making their appeal to the public. Boiled down to briefest space, it is merely that President Cleveland, when he took his stand three years ago against the continued purchase of silver, promised good times if the purchase act were repealed, and good times are not here; that the people who have suffered from bad times are disgusted with the failure of the President's predictions of prosperity and "would sweep the field for the silver party as completely as did the cyclone St. Louis the other day" if a plebiscite were ordered; that the party leaders, both Democratic and Republican, have been insincere as the Roman augurs of old, and inconsistent in their handling of the money question; that the business interests are now "sneering" at the silverites in place of arguing with them seriously; that there should be a "tariff to protect silver as well as to protect iron;" that no country has a single gold standard; that France, with a population of about half of ours, maintains a large amount of silver on a parity with gold; that at times in the recent past silver has appreciated to a higher value than the gold ratio existing in our coinage system; and, finally, that the press is one-sided in its view of this question.

Now, as to the first three points in Mr. B———'s article, which may be treated together. The Dispatch has no more veneration for party leaders than its correspondent. It has no very high esteem either for the intelligence or sincerity displayed by them upon the money question. It believes, however, that Cleveland was entirely right in calling for a stoppage of silver purchases three years ago when hundreds of millions of dollars worth of white metal were being stacked up in the Treasury without a shadow of a prospect of going into circulation. Had the purchasing process been continued, the Government would have gone on indefinitely adding to its immovable metal and to its paper obligations in the shape of silver certificates issued for the same.

All that can be made out of free coinage is either depreciation of our own currency or the inevitable inflow into this country of the depreciated silver of the world, unless, indeed, as Mr. B——— suggests, a tariff be established against foreign silver. But that proposition of a tariff on silver betrays the utter weakness of silver, under present conditions, as money. What would be thought of a proposition for a tariff to shut out gold? No one has ever heard, until the silver agitation was reduced to such an extremity, of a tariff being set up by any country to prevent money from going into that country. By suggesting a tariff for silver and recognizing that without a tariff silver could not be used for free coinage, because of the inundation of cheap silver from all parts of the earth, our clever correspondent practically places the white metal upon the same plane as pig iron, paper, coal, or any other product of our mills or mines. And it is upon such a plane that it has actually been placed by the events of the past fifteen years. Of course, as Mr. B——— claims, silver had been recognized as of equal avail-

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ability with gold for coinage purposes up to a certain time. Varying quantities of production, wide fluctuations in the market price, and, finally, the restrictions placed upon the coinage of silver by other countries, changed the situation so that it has become impossible for the United States to maintain silver at a parity with gold under such conditions as free coinage calls for. The silver dollar which can be bought for, let us say, 50, 60 or 70 cents of gold, as the case may be, in India, in Mexico, or Cuba, cannot come into the United States and here purchase a hundred cents of gold, or purchase the measure of weight of any commodity which a hundred cents of gold will buy. That is the hard business fact of the case, which there is no getting over, unless, indeed, by a tariff against foreign silver, as Mr. B——— suggests. But the only plea upon which any article can claim to be used in preference to any other article as money, is that it circulates universally. If it is the fiat of the Government which must make an article money, be that fiat in the shape of a tariff or of a stamp, then one commodity has as much right as another in the matter, and the cheapest of all would be paper.

We see an historical fact in the constitutional reference to silver as money, and also in Mr. B———'s reference to its use as such heretofore. But the conditions of its use, including the ratio to gold, are clearly left by common sense to be established according to changing circumstances; and maintaining free silver coinage at a ratio of 16 to 1, is, as shown, not only absurd, but impossible. As for the point that France, with a population of half ours, maintains $500,000,000 worth of silver on a parity with gold, we see nothing extraordinary in that. The United States now maintains $600,000,000 of silver on a parity with gold, by practically the same means, France having suspended coinage in 1878 and the United States in 1890 and 1893. It is not to the maintenance of a given or limited amount of silver, however large, at a parity with gold, that the business interests of the country object, but to the indefinite and sweeping proposition of further and unlimited coinage.

We have already gone over the question of derangement of values and upsetting of commercial and industrial undertakings which would at once follow even the bare prospect of free coinage of silver. If anyone has yet demonstrated any benefit which will accrue to any interest in the country from free coinage of silver, excepting to the mine owners and speculators, we have not yet seen the demonstration. When it comes to hand, The Dispatch will most cheerfully present and acknowledge its merits.

* * *

In the foregoing article The Dispatch on May 31, 1896, opened its columns to the discussion, by advocates of either side, of the free silver proposition. The only limit to the discussion was the terms of the issue as placed before the nation, namely, the free coinage of silver, by the United States, independently of the action of other nations, at the specified ratio of 16 to 1. For over six weeks after that date a considerable share of its space was devoted to communications for and against that measure. The purpose of The Dispatch in conducting the discussion was to examine editorially each proposition advanced by the advocates of free silver, to inquire into the statistical or historical accuracy of their assertions of fact, to discuss the justice of their conclusions and thus to reach clear grounds for an accurate and intelligent determination of the whole issue.

It will be perceived that this afforded the opportunity for a real and thorough discussion of the issue very different from the fictitious debates, written by advocates of one or the other side, who invariably represent their opponents as unable to answer the arguments advanced on the side favored by the writer. In the controversy of six weeks' duration, every disputant had ample opportunity to examine or challenge

the accuracy of each other's statements. It will be seen by the chapters following, that The Dispatch very frequently challenged the statements of the free silver advocates. Indeed, it began with a complete contradiction of the historical assertion on which the free silver movement bases its argument. The advocates of the other side did not, in any case, undertake to overthrow the citations of The Dispatch from statistics or history, although they strongly disputed the conclusions from them.

The result of this discussion has been regarded as important enough to justify the request of many readers that it be put in pamphlet form. To include in the pamphlet the communications that were published would make a very large and expensive volume, including much repetition of arguments on both sides. As the editorial discussion of the question included a statement of each argument brought up by the free silver advocates—the fairness of which statements none have criticized—it is thought that this is sufficient to show the arguments on that side. The order of the discussion, as it appeared in the daily issues of the paper, was fixed by the free silver advocates, The Dispatch being willing to examine their propositions as presented, until this process afforded the ground for proceeding logically to the final conclusions. In the pamphlet the order is changed by taking up the historical issue first, and then proceeding to consider the various branches of the subject in their natural order. In most respects, except for the striking out of repetitions of the same argument, the articles are given as they appeared in The Dispatch. In a few cases the statistics are corrected, by giving later figures than those attainable when the articles were published, the United States Statistical Abstract for 1896, and the volume of the United States Census on Mortgages, having been received after the discussion was half through its course. But in no case does this correction involve any change in the conclusion to be drawn from the figures.

It is proper in introducing the pamphlet to give a few definitions or statements of the terms used and the undisputed points of fact on which the controversy rests. The need for this appears in the fact that many people are interested in the political issue, to whom the meaning of the terms is wholly unknown. Since the discussion was closed, The Dispatch received a letter inquiring what was meant by "the crime of 1873." The articles of The Dispatch, reproduced in the opening chapters of this pamphlet, had fully given this, which of course the inquirer had not read. To enable those to whom the subject is wholly new to read the succeeding discussion intelligently, the primary features of the subject are defined, as follows:

Free coinage is the establishment of the legal right of any one owning the bullion, from which money is made, to deposit it at the mints and to receive in exchange for it the coins which it will make. The freedom consists in the right of every one to have his bullion coined, as fast as the mints can do the work, without limit in amount. It is not vital whether there is a slight seignorage, or mint charge, or absolutely none at all, as in England. All the chief nations of the world give free coinage to gold. Many have in the past done the same by silver, but that privilege is now afforded to silver in very few of them.

Ratio is the proportion of weight of one monetary metal, deemed to be the equal in value of a different weight of the other. The commercial or market ratio is that established by the market price of the bullion. If we say that silver and gold are at a commercial ratio of 30 to 1, it means that in the markets of the world, an ounce of gold will sell for just as much as 30 ounces of silver. Mint or coinage ratios are the ratios at which the mint of any given nation ranks the two metals. Thus the mints of France establish a ratio of 15 1-2 to 1, which means that there is 15 1-2 times as much weight of silver in the five-franc piece, as the weight of gold re-

quired to make the corresponding coin.

Sixteen to one is the approximate expression of the coinage ratio maintained nominally by the laws of the United States since the coinage act of 1834, with one or two exceptions that will appear in the discussion. Prior to that act the ratio had been 15 to 1. By the act of 1834, the ratio was made precisely 16.002 to 1; and in 1837 it was changed to 15.988 to 1. That is, a silver dollar contains 371 1-4 grains of pure silver, or 412 1-2 grains, 900-1000ths fine. The gold dollar (when it was coined) and the $5, $10 and $20 gold pieces, contain, per dollar, 23.22 grains of pure gold, or 25.8 of the standard fineness. This makes the weight of the silver dollar 15.988 times that of the gold dollar, which is generally referred to as the ratio of 16 to 1.

Parity is the equality in value of the coins of one metal with the same or corresponding coins of another metal. If one thousand silver dollars circulate freely at the same value as $1,000 in gold, parity exists. If either should be at a premium they would not be at a parity. The parity must depend, therefore, either on the mint ratio being the same as the market ratio, in which case the intrinsic value of the coins will be the same, or on artificial and Governmental maintenance, by limiting the coinage of the cheaper metal and providing for the exchange of its coins with those of the superior metal.

Legal tender is the quality given by law that stated coins, or circulating notes, can be offered in the payment of debts or discharge of contracts calling for the payment of money. If the contract should specify that the payment shall be made in any special metal or substance the constitutional provision for the inviolability of contracts would prevent the legal tender provisions from empowering the payment in another kind of money. But on the great mass of debts and business transactions calling for the payment of so many dollars, the legal tender acts specify various kinds of money the payment of which constitutes a discharge of the debt. Fractional silver coins—half-dollars, quarters and dimes—are legal tender only for amounts not exceeding $10. Gold coins are unlimited legal tenders, and the standard silver dollars are also. The Treasury notes, known as greenbacks, and those issued under the act of 1890, are also full legal tender, except in payment of customs dues to the Government. National bank notes and gold and silver certificates are not legal tenders, nor are bank checks or drafts. But the great majority of business payments are made in the latter instruments of exchange, which are taken just as freely as legal tender money, so long as adequate provision is made for their redemption.

Bimetallism is the full and concurrent use of both gold and silver as money. There is some confusion of terms as to what constitutes it, but the strictest claim is that both metals must have free coinage and full legal tender. The United States has at one time since 1873 given the silver dollar free coinage with limited legal tender, and at another full legal tender and limited coinage; but neither is accepted by the silver theory as bimetallism. On the other hand, it is claimed by some that the concurrent use, in large amounts, of both metals, as money, constitutes bimetallism. Both France and the United States have in use hundreds of millions of silver, side by side with gold; but as it is sustained by limiting the coinage it is held to fall short of complete bimetallism, because the silver money is sustained on the gold basis. This is, we think, correct. But bimetallism should imply that both metals are actually used together. Mexico is theoretically bimetallic, as its laws provide for the coinage of both gold and silver at a ratio of 16 1-2 to 1, but gold is at a high premium and therefore it is practically a silver nation. It will thus be seen that real bimetallism nowhere exists to-day, the nearest approach to it being in France and the United States, as already specified. In its fullest sense it can exist only where the market and mint ratios are the same.

Monometallism is subject to the same differences in definition as bimetallism. Strictly, in one sense, it is the selection by law of one metal for the sole standard money. Generally, in another sense, it is the use of a single standard or basis by nations which do not maintain true bimetallism. In that sense, all nations are at present either silver monometallist or gold monometallist, with the exception of those which have suspended specie payments altogether.

Demonetization is the taking away of the monetary quality of a metal previously having full monetary standing. The free silver school use it most frequently in the sense that either limiting the legal tender power or restricting the coinage of a metal demonetizes it. But it is to be noted that this does not necessarily take away its monetary use. In 1853 the United States limited the legal tender power and took away free coinage from fractional silver coins, and yet, as was intended, the United States coined and used more fractional silver after that act than before. On the other hand, a monetary metal may be demonetized in fact, without legislation, by rising to a value greater than the monetary standard, or by the monetary standard being reduced below its bullion value. When this government suspended specie payments, and its notes became depreciated, gold was demonetized by going to a premium, so far as the United States were concerned. Silver has in like manner been demonetized in past years.

The claim of the advocates of free silver coinage is that the United States demonetized silver in 1873, following in that respect the example of certain European nations; that by so doing it has brought disaster and depression on the country; hampered production and oppressed debtors. For the rectification of these asserted evils, they demand that the United States shall, at the earliest possible day, open the mints to the free coinage of silver dollars, which already have full legal tender quality. The opponents of this policy are divided into two classes. One of them is composed of the gold monometallists, who hold that the single gold standard is adequate and most stable. The other and larger class are those who believe in bimetallism, who claim that free coinage of silver by the United States would establish silver monometallism; that between the single gold basis and the single silver basis, the present one is preferable; that bimetallism is only attainable on a secure basis by international action; and that until that can be secured, the present conditions, with as large a use of silver as is consistent with the maintenance of the present basis, is preferable to the change that would be brought by free coinage.

The respective merits of these opposing positions, their foundation in fact and reason, and the results to be expected from either, form the subject of the following discussion. It is to be seen that the two sides agree in the necessity of having the fundamental money coined of either gold or silver. The theories of fiat money, or the value and availability of various kinds of paper circulation, do not enter into the question, although a good many of the former fiat money men support free silver, and the issues as to cheaper money, become leading features of the discussion.

* * *

II.—"The Crime of 1873."

We first propose to take up the oft-referred to "crime of 1873." The stock assertion of the free silver advocates, is that the act of 1873 wiped out of existence half the coinage of the country. Prior to 1873 it is declared "gold and silver walked hand in hand into the mints;" but that act "struck down silver," or "discriminated against it," and legislation has continued to discriminate against silver ever since. It is the general allegation that this was the product of a conspiracy against silver; that bankers, capitalists, money lenders and creditors all over the world purchased legislation for the express purpose of diminishing the stock of

monetary metals, cornering the supply; oppressing trade and industry, and making the unfortunate debtor pay twice what he received. It is also an essential part of the charge that the action of the United States Congress was purchased by this conspiracy and that the sections of that act which effected the demonetization of silver were attached to it without the knowledge of the majority of the members of Congress.

If these assertions were true, it would be correct to call it a crime. But they are not true. In dealing with other questions of fact we may recognize that for many of them there was a color of foundation which enabled those who made them without exhaustive study of the statistics to be treated as making them in good faith. But this indictment of the honesty, good faith and intelligence of the statesmen of 24 years ago is in its creation a downright falsehood and in its repetition a persistent slander. It may be uttered in ignorance by some who do so without examining the facts accessible to any student; but we propose to show that at least one man, holding high official position, and a recognized leader of the free silver men, persists in circulating that slander with full and personal knowledge of its utter falsity.

There are three branches of the subject raised by this allegation: First, the statistics of coinage in the United States as affected by the act and the subsequent legislation of this Government; second, the history of that legislation and preceding acts bearing on the period of alleged bimetallism; third, the facts with regard to the world-wide movement to the gold basis. In each of these there is clear proof of the falsity of the allegation of a conspiracy of money lords purchasing the legislation of this country and the world.

The shortest and most direct proof of the falsity of the assertion that the act of 1873 "struck down silver" is presented by the statistics of coinage during the immediate operation of that act and for a corresponding period immediately preceding it. The act was in operation for five years before it was amended by the Bland act of 1878. The statistics of the total silver coinage of the United States for the five years before and after the opening of 1873 are as follows:

Before.		After.	
1868	$1,074,343	1873	$ 4,024,747
1869	1,226,143	1874	6,851,776
1870	1,378,255	1875	15,347,893
1871	3,104,038	1876	24,503,307
1872	2,504,488	1877	28,393,046
Total..	$9,287,267	Total.	$79,120,769
Annual average ..	$1,857,453	Annual average.	$15,824,153

The history of the world's financial legislation will be searched in vain for a parallel to this unique method of discriminating against silver by coining over eight and a half times as much silver after passage of the act as before. But that really does not tell the whole statistical story. The average annual silver coinage of the United States for the whole 80 years during which our silver friends allege gold and silver stood side by side was $1,792,000. So that the first effect of the "conspiracy against silver" was to increase its coinage by the United States nearly nine times! These are the statistics for all kinds of silver coinage from dimes up to dollars. The one respect in which the act of 1873 changed the conditions of existing fact was to substitute for the disused standard dollars, trade dollars of 420 grains, limited as to legal tender, with the purpose of increasing their circulation in Asia. They did so circulate, $35,965,000 of them being coined, of which something over $6,000,000 remained in or returned to this country and were redeemed by the Treasury. So that by the distinctive feature of this act nearly $30,000,000 of American silver found a market abroad. This gives another unique view of the "conspiracy against silver."

That was the operation of the act of 1873 for the period in which it was solely in force. But the assertion of the silver men is that its baneful effect is still in force. The discrimination

against silver which they claim has depressed its price, still continues. If it had been corrected by the acts of 1878 and 1890, they would have no present ground for complaint. It is, therefore, pertinent to extend the statistics over the whole period before and since 1873 in order to perceive the actual workings of the conspiracy. They are as follows:

Total silver coinage, 1792-1872 .....$143,833,000
Total silver coinage and bullion purchased, 1873-95 705,683,000
Annual average prior to 1873. 1,792,000
Annual average since 1873... 31,017,000

In these figures we have lumped the total of bullion purchased under the act of 1890, and remaining uncoined, at $155,000,000. The total purchased under that act was of the nominal coinage value of over $217,000,000, but as nearly as can be learned from the reports, about $50,000,000 of it has since been coined. We thus find out that the discrimination against silver induced by the money lords consisted of coining nearly five times as much silver in the 22 years succeeding 1873 as in the 80 years preceding it. The annual mint demand of the United States for silver has been since 1873 more than 17 times that prior to 1873; which again resolves the "striking down" of silver by legislation into one of the most unique curiosities of the century.

This exhibits the total demand of the United States for silver during the periods contrasted. They afford the most complete commentary not only on the claim that the United States has discriminated against silver, but on the claim that the United States can by itself restore the gold price of silver to $1.29 per ounce. But this is not all. The silver men's claim is that it is the silver dollar that has been discriminated against. They make no attack on the laws under which half-dollars, quarters and dimes are coined, which were the same before 1873 as after. But their grievance is on the silver dollar. That coin is discriminated against. That coin was struck down by the conspiracy of 1873, and when it is restored to its place it will raise the price of silver to the parity with gold. Let us see what the facts are:

Fractional silver coined before 1873.....$135,787,000
Silver dollars coined before 1873 8,045,838
Fractional silver coined since 1873 121,394,000
Silver dollars and bullion purchased since 1873..... 584,289,000

In other words, the fact appears in these figures that the much praised period when the silver dollar stood side by side with the gold dollar, simmers down into an actual coinage of those beloved dollars of $8,045,000. Before 1873 just about one-eighteenth of the silver coinage was in standard dollars, and seventeen-eighteenths was fractional silver. Since 1873 nearly six-sevenths of the silver coinage was in standard dollars, and only a little over one-seventh in fractional silver. Before 1873 the annual average coinage of the standard dollar was $100,573; since 1873 it has been $25,363,000. That is, the Government has coined 250 times as many silver dollars per year as it did before the conspiracy against silver struck it down; and the fact that this coinage did not really begin till 1878, shows that for 16 years the United States used each year 300 times the amount of silver for the purposes of standard legal tender than the annual average before 1873.

These statistics may begin to impress on the mind of the reader not only that the allegation of silver having been struck down and depreciated by denying it access to the mints is a product of cheap invention, but that the allegation of silver having stood side by side with gold prior to that act is no less a figment of the imagination. That there may be no doubt on that point we add the following figures:

Coinage.	Before 1873.	After 1873.
Gold	$795,091,000	1,917,129,000
Silver dollars...	8,045,000	429,289,000
Bullion certificates	.....	155,000,000
Frac. silver....	135,833,000	121,394,000

Here we have the evidence that prior to 1873 the coinage of the country consisted of over a hundred dollars in gold to one of the standard silver dollars. In that period of alleged bimetallism, the money of the country was, of every $100 coined, $84.80 in gold, $14.35 in fractional silver, and 85 cents in the much trumpeted bimetallic silver dollars which did not circulate, as we shall show in the next article. This is enough to show that bimetallism prior to 1873 was a legal fiction and as a matter of fact was non-existent. On the other hand, since 1873, standard silver dollars and bullion certificates comprise about six-seventeenths; fractional silver, one-seventeenth and gold nine-seventeenths, of the entire coinage.

It might be expected of men who undertook to argue the question of coinage that they would take the trouble to inform themselves of the published statistics of coinage. In the face of these figures what is to be said of those who base their whole argument on the persistent cry that the United States formerly kept silver side by side with gold, and that a condition of bimetallism was destroyed by the foul conspiracy which struck silver down, as we have seen, by using 17 times as much silver and coining 250 times as many silver dollars per annum as before that fiat act of assassination?

* * *

III.—History of a Fiat Crime.

The "crime of 1873" as we showed in our article of last Friday, had the unique effect of multiplying the coinage of silver by eight during the period when it was exclusively in operation, while the policy which is still the object of attack by the free silver men is statistically set forth in the fact that annually the United States has since 1873 coined 250 standard silver dollars to every one prior to that year. To this fact the further statistical disclosure that during the alleged period of bimetallism the coinage of the dollar of our fathers did not equal one to a hundred dollars of gold may have suggested to our readers that there was not very much silver for the act of 1873 to strike down. We propose to show from the records that this is the fact. We propose to show just how much bimetallism there ever was in the country, just when it passed out of existence and what the record of legislative recognition of that fact is.

In order to do this intelligently we give the record of the coinage by the United States for the different periods; first from the beginning of coinage to the change under the coinage law of 1837; thence to the change brought about by the Californian and Australian gold developments in 1850; then the period from 1850 to 1873, and the total for the 20 years since 1873. To compress into the space occupied the figures less than thousands are omitted below:

Years.	Gold.	Fractional Silver.	Silver Dollars.
1793-1836	$ 21,893	$ 45,415	$ 1,440
1837-1849	68,444	30,548	916
1850-1873	709,752	59,824	5,689
1873-1893	1,017,129	121,394	429,289

We cite the Congressional Globe, containing the declarations made on the floor of Congress, to prove that silver was not demonetized in 1873, but that the only silver coinage that ever constituted an approximation to bimetallism in the United States was demonetized in 1853, because it had previously demonetized itself, and that the act of 1873 was simply the legislative recognition of the facts as they had stood for 20 years before, on the single point left uncovered by the act of 1853. This will show that the assertion that silver formed half of the money of the country from 1850 to 1873 is wholly unsupported in point of fact.

To bring the record up to the act of 1853 we should notice that in the original coinage laws silver was coined at a ratio of 15 to 1. The silver half dollars quarters and dimes contained the same weight of silver as the dollar and were legal tender. The working of this law is shown in the fact that over

two-thirds of the coinage up to 1837 was fractional silver. Gold was coined to the small extent of about a half million dollars per year, but immediately left the country. The dollar of our fathers was coined to an average of about $30,000 per year. This may be the ideal bimetallism to which our free silver friends refer so often, but it was so little satisfactory to those who experienced it that they changed it in the law of 1837 by advancing the ratio to 16 to 1. The coinage of the following 13 years shows that the use of gold was largely increased by the change, constituting over two-thirds of the entire coinage. Silver was also used to a considerable extent, but almost entirely in the fractional form, there being $30,000,000 coined of the subsidiary silver, but only 916,000 of the alleged "dollars of the Constitution." But the working of that coinage law is shown by the reasons which produced the act of 1853.

The facts with regard to that bill are amply set forth in the Congressional Globe for the second session of the Thirty-second Congress, and appendix thereto. Mr. Dunham, of Indiana, the Chairman of the Committee on Coinage, in opening the debate in the House, clearly stated the purpose of its provisions. The definite enactments were that the weight of silver in the half dollars, quarters and dimes should be reduced to 192 grains for the half dollar, and other coins in proportion, making the weight of a dollar's worth of them 384 grains; that they should be excluded from free coinage, the mint being authorized to purchase bullion to coin them, and that their legal tender should be restricted to amounts of $5.

Bearing in mind that the silver coins thus treated comprised $76,000,000 out of the $78,000,000 of silver coined up to 1850, Mr. Dunham's remarks on its object are significant. He said that its purpose was "to have the standard currency consist of gold only, and that these silver coins shall be subservient to it, and that they shall be used rather as tokens than as standard currency." He went on to show at length in his speech (reported in full at page 190, appendix to Congressional Globe, second session, Thirty-second Congress) that the premium on silver was taking all the silver coin out of the country. "Coin's" cheap fiction about the country being supplied with Spanish and other silver dollars is shown in its true light by Mr. Dunham's statement that the only silver above the three-cent pieces which remained in the country was the degraded foreign coin, "the depreciation of these foreign coins by abrasion being from 6 to 20 per cent." The bill was evoked, it was explained, by the necessity of preserving the stock of fractional silver, for which purpose the fractional coins were to be reduced in weight. The dollar was to be left "as it is now, an article of merchandise"; but with regard to the silver that it was necessary to keep, it was proposed to recognize the fact set forth in Mr. Dunham's words: "We have had but a single standard for the last three or four years. That has been and is gold. We propose to let it remain so, and to adapt silver to it and regulate it by it."

There was quite a sharp little debate over this bill, and proof that it was not passed without public knowledge is given in the form of a memorial from the New Jersey legislature, setting forth that silver coins "are no longer a standard of value in payment and are only used as an article of commerce," and therefore urging the passage of the bill. It is singular, too, that the main opposition to the bill was not because it proposed to adopt the single gold standard, but because one of its provisions endangered the permanence of that standard. Mr. Skelton, of New Jersey, led the opposition to an amendment which the committee had reported, making the fractional silver coins legal tender in payments to the Government. He said in his remarks: "Gold is the only standard of value by which all property is now measured; it is virtually the only currency of the country." But Mr. Skelton was afraid that the amendment just referred to might make the frac-

tional silver another and cheaper standard, and that " it would drive the gold coin from circulation and substitute that of silver, thus producing a greater evil than the one proposed to be remedied." Mr. Skelton pressed this objection so vigorously that the House voted down the amendment, and passed the bill as it came from the Senate, thus making clear the desire that the gold basis be undisturbed.

Here is a clear recognition of the purpose and desire to adopt the gold basis. The bill took away free coinage and restricted the legal tender power of all the silver coins that had been actually in circulation. The avowal in the House was positive of the adoption of the gold standard, and the purpose to make silver only subsidiary. There was little discussion in the Senate, the bill being assented to as coming from the administration. It is indicative of the value of recent citations of Daniel Webster as authority for the belief that the Constitution requires the coinage of silver, that this bill for the demonetization of the silver then coined was prepared and sent to Congress by an administration in which Daniel Webster was the leading Cabinet officer.

These were the conditions of fact and law established when Congress came to take up the revision of the mint laws in 1870. The silver dollar was left nominally on the statute book, because the act of 1853 dealt only with the coins which it wished to keep in the country, and which it kept by reducing their weight and limiting them to subsidiary coin. But the facts recognized in 1853 continued. Demonetization did not limit the use of the fractional silver coins. On the contrary, their annual coinage was increased 50 per cent. But the coinage of gold swelled to such an extent that of 774 millions of coinage, 709 millions were gold, 59 millions of subsidiary silver and five and a half millions, or less than one dollar in a hundred, were silver dollars, and that the silver dollars remained as declared in Congress, an article of merchandise is shown by the fact that during the 10 years of specie payments, 1853 to 1862, the total coinage of these dollars was 1,723,770.

In the enactments of 1873, the disposition of the silver dollar was a very slight part of the whole bill. The act dealt with topics which made much more debate in the provisions for assaying and coining gold, about which the Pacific coast legislators had a great deal to say. Consequently, the disposition of the silver dollar did not make very much talk, because, first, it dealt with a coin practically non-existent, and, second, one about which there was no real difference of opinion. But that the deprivation of free silver coinage or the limitation of legal tender was done surreptitiously, is shown by the record to be a malicious slander.

In the first place, the proposed revision of the mint law was sent out to experts by the director of the mint before Congress met for the session of 1869-70. In the original draft and up to a late date in the history of the bill, it was proposed to reduce the weight of the silver dollar to 384 grains, and make it a subsidiary coin like the halves and quarters. This was freely pointed out and criticised by experts, but the bill was introduced in that shape, the purpose of taking away free coinage and restricting its legal tender to five dollars having been publicly stated before Congress met.

The bill was submitted to Congress, April 25, 1870. It was discussed, referred back and forth, and revived with the same operation to go over during three sessions. Very little of the discussion was with regard to the silver dollar, because that was taken as a matter decided by existing conditions. But the purpose of completing the conformity of our laws to the facts was clearly stated in the presence and with the participation in discussion of members who subsequently figured as free silver men. The fact shown by the Congressional Globe that one William M. Stewart, United States Senator from Nevada, took an active part in the debate when it was in the Senate the first time, made

a vigorous stand with the other Pacific coast Senator to abolish the mint charge on the coinage of gold, and voted for the bill, with whose provisions the debates show that he was familiar, is enough to present one leading assailant of "the crime of 1873" in his true light as a fraud and fabricator.

We propose to give two quotations from the record, showing that the favorite free silver charge is an utter invention, and to be satisfied with that. On April 9, 1872, Mr. Hooper, of Massachusetts, opening the debate in the House, stated that the legal theory established by the act of 1792 was that the silver dollar was the legal unit. He went on to show that it had since become an article of commerce, and stated the purpose of the sections of the bill bearing on this point was "that 25.8 grains of standard gold, constituting the gold dollar, should be declared the legal unit of account." Further on in his remarks he outlined that the proposed silver dollar of 384 grains was to be "subsidiary coin in harmony with the silver coin of less denomination. The silver dollar of 412½ grains, by reason of its bullion or intrinsic value being greater than the nominal value, has long since ceased to be a coin of circulation." (Congressional Globe, Part 3, 2d session, 42d Congress, pp. 2305 and 2306.)

The main statement on this point was not disputed, although the allusion to silver precipitated a very pretty fight. Mr. Potter (Dem., New York), commented on the fact that "this bill provides for the making of changes in the legal tender coin of the country, and for substituting as legal tender coin of only one metal, instead of, as heretofore, two. I think myself this would be a wise provision and that legal tender coins, except subsidiary coins, should be of gold alone; but why should we legislate on this now, when we are not using either of these metals as a circulating medium?" (Page 2310.)

The partisan enlargement of Mr. Potter on this theme brought Hon. W. D. Kelley, of Pennsylvania, to the front in a somewhat irritated mood. He pointed out (page 2311) that "every coin of ours that is not gold is subsidiary. Our silver dollar, half dollar and every other coin that is not gold is subsidiary," and proceeded to charge Mr. Potter with opposing this bill in the interest of silver bullion brokers in New York, who were using the assay and stamp of the mint as an economical certificate of the weight and quality of their bullion to be exported. But in doing so Mr. Kelly raised a hornets' nest. Messrs. Potter, Wood and other Democrats came back so vigorously with charges that other provisions of the bill were going to furnish cheap assays to gold miners in the West that after a warm fight the bill went over. The significance of the debate for present purposes is that it opened with a clear and unmistakable declaration, and without dissent, of the purpose of discontinuing free coinage and unlimited legal tender of the silver dollar as a coin, entirely discontinued in practical use.

The bill, having passed the House, went back to the Senate, and was there debated at length. Near the close of the debate, Mr. Casserly, of California, declared "the half dollar and quarter dollar are the money of the people and they are the leading coins of our entire silver coinage"—for which reason he wished the figure of Liberty retained on them. A little further on, with regard to the regulation Pacific coast desire to get the mint charge, or seignorage, on gold coinage abolished, he spoke of the English need of silver for China and India, and said: "We have more silver than we want. Nevada appears to be getting ready to deluge the world with silver. I see that her silver product last year was probably over $20,000,000. Now, sir, I submit that there could not be a better basis for exchange, nor a more profitable operation for the American people, than to take the gold bullion of Australia, and coin it in San Francisco, and diffuse that much more specie through all the arteries of business, getting ready for

the resumption of specie payments, and to give them in return this silver which we do not want." The Globe shows that only a few minutes before Mr. Casserly had made these remarks, William M. Stewart had participated in the debate, making it a fair inference that he heard this practical declaration that the silver dollar was not the "money of the people" enough to be mentioned among "the leading silver coins," and the development of the theory that silver was a commodity to be sold abroad in exchange for the gold that was alone wanted for specie payments. And not only did William M. Stewart fail to protest against such ideas, but he actually supported them by his vote!

While Mr. Casserly did not win his point on gold coinage directly, his remarks bore fruit in the subsequent conference on the bill. The cheap money slander has sometimes taken the form that silver was demonetized in conference committee. The quotations already made show the disproof of the assertion by the clear avowal of this provision in the early stages of the bill. What was done in conference committee was doubtless suggested by Mr. Casserly's remarks to frame a provision for the increasing sale of silver abroad. Instead of reducing the dollar to 384 grains, it was increased to the trade dollar of 420 grains. That dollar was given free coinage, but limited legal tender. It was designed to sell American silver in Asia, and it did so to the extent of nearly $30,000,000.

There is subsequent evidence that Senator Stewart understood exactly what was done with silver, at that time. On February 11, 1874, in reply to a resolution of inquiry offered by him, concerning the capacity of the mints, the Secretary of the Treasury defined the coins under the act as "subsidiary silver coin in addition to the gold, trade dollar and minor coinage," and the Senator from Nevada accepted the definition. But this is not all. Senator Stewart not only knew the scope and effect of the coinage act of 1873, but he heartily approved of it at least as late as February 11, 1874, when he declared himself in favor of the gold standard. He did so in a speech on a bill to amend the national banking law. In the course of that speech he said:

"Let us do as all the people of the world have been doing from the beginning, measure our values in gold.'

"What does the Senator want?" asked Senator Logan.

"I want the standard gold, and no paper money not redeemable in gold," was the reply in part.

Again, in a speech on the same subject in the Senate, on February 20, 1874, Senator Stewart declared: "Gold is the universal standard of the world. Everybody knows what a dollar in gold is worth."

These indisputable facts from the official record enable us to see how much truth there is in the basic allegation of the free silver doctrine. The facts are:

The act of 1873 did not strike down silver, it increased the coinage of it.

It did not demonetize any coin in use as money, at that time or for 23 years previous.

The demonetization of the coin which constituted 94 per cent of all the silver coined prior to 1873, took place in 1853, and it was done to keep fractional silver in the country.

The discrimination against silver since 1873 has consisted in coining seventeen times as much silver, per year, and 250 times as many silver dollars, as before 1873.

The recognition that we were on a gold basis in 1853 and intended to stay there was positive and unquestioned. The coinage of the nation did stay on the gold basis throughout the fifties and up to the suspension of specie payments. What the act of 1873 did was to take away one coin that had not circulated for 23 years before that time and that constituted no part of the monetary system of the country.

All the assertions about a conspiracy to wipe out half the standard money of the country are shown in the light of these facts to be the deliberate and per-

sistent fabrication of shallow and mendacious demagoguery. The fondness of the cheap money men for the flat theory has led them into the production of a flat crime.

* * *

IV.—A Crime of the Imagination.

In preceding articles The Dispatch has shown from the coinage statistics that this nation did not before 1873 coin any silver worth mentioning except fractional silver, and that for every dollar of annual coinage of the standard silver dollars before that date it has since then coined over two hundred and fifty dollars.

It has also shown that the demonetization of that silver coinage which ever formed a noticeable part of our money was made in 1853; that what was demonetized in 1873 was a coin which never constituted one per cent of our coinage and which was not in circulation at the passage of the act; that the purpose of both acts was clearly stated in Congress at the time of their passage, and that both were for the purpose of increasing the use of silver in the functions which then seemed practicable.

These facts are a complete answer to the charge that the action of the United States "struck down silver" and raised the price of gold. That assertion is an essential part of the proposition that the United States by its solitary action must restore silver. The facts show that if silver was "struck down" the United States had nothing to do with it, for the double reason that it had no silver to strike down, and that, commencing with the act of 1873, it has multiplied its silver coinage, first, by 9, then by 17, and, if we take the standard of comparison which the free silver men assert to be vital, by 250. We might be content to rest the disproof of "the crime of 1873" there; but, since the further allegation of the carrying out of a conspiracy in Europe is made, and since the facts illustrate some important principles in bimetallism, it is worth while to go over that phase of the subject briefly.

It has been alleged by some of our free silver disputants that the reason why the United States coined practically no silver dollars prior to 1873 was that the legal ratio was 16 to 1 in our mints and only 15½ to 1 in Europe. That is a permissible explanation of the state of affairs prior to 1848, and it illustrates the hopelessness of one government attempting to maintain a ratio against the rate of the world. But the fact is that it is entirely without application in the period after California and Australia commenced to fill the world with gold. The increase of the gold supply and the rise in silver to a premium, bothered the coinage operations of Europe more than the United States, where the question was solved by going to the gold basis in 1853, as we have shown.

The most striking illustration of that trouble is in the coinage statistics of France. Prior to 1850 France and the United States had both been bimetallic in name, but the difference in ratio had made the coinage of the United States practically gold, and that of France practically silver. That things were not left that way is shown by the following table of coinage of France for 20 years before and 20 years after 1850:

Before 1850.

	Gold, Fr.	Silver, Fr.
1831-5	103,268,680	822,313,995
1836-40.....	73,732,160	381,024,689
1841-5	19,915,780	379,160,698
1846-50.....	161,792,130	538,909,545
Total.....	358,708,750	2,121,408,927
Annual avg...	17,635,437	106,704,463
Percentage..	14.1	85.9

After 1850.

	Gold, Fr.	Silver, Fr.
1851-5	1,583,657,880	178,969,433
1856-60.....	2,700,683,070	83,331,375
1860-5	958,419,620	21,886,059
1866-70.....	1,193,320,110	425,252,369
Totals.....	6,436,080,680	709,439,236
Annual avg.	321,804,340	35,421,961
Percentage..	90.3	9.7

The reversal in the proportion of the two metals shown by the averages of

the two periods is marked enough. Before 1850 six-sevenths of the French coinage was silver and only one-seventh gold. After 1850, nine-tenths of it was gold and only one-tenth silver. Yet even this does not present the extreme change shown by comparing some of the five-year periods. From 1841 to 1845 nineteen-twentieths of the French coinage was silver, and in the years 1856-60, there was hardly 3 per cent silver and 97 per cent gold. In other words, the influx of new gold production practically put France on the gold basis, at the same time that the United States, by its legislation of 1853, recognized that it was there.

France is the largest coin-using nation in the civilized class. But the effect of the great gold developments was similar upon all the continental countries. England only felt the effect of the enlargement of its single gold basis on which it had already stood for 34 years. But throughout the continental nations, nearly all of which were silver using, it was revolutionary. France, as we have seen, was practically shifted to the gold basis. Belgium sought to protect itself from the change by adopting the single silver standard in 1850. Holland followed suit. Germany and Austria did the same thing in 1857, and Russia saved itself trouble in that line by suspending specie payments in the same year. But this proved so little satisfactory that Belgium got back to the double monetary standard in 1861, and in 1865 the attempt at international agreement was made by the Latin Union, composed of France, Italy, Belgium, Switzerland and subsequently Greece, to maintain the double standard.

We should hardly let this point pass without repeating the lesson which it affords on the present issue. The case was identical in principle with that for the past 20 years, except that the position of metals was reversed. Gold was then the metal of largest relative production and consequently the cheaper. All the demand of practically the whole world could not prevent it from declining and silver going to a premium. The action of the law of bimetallism as then defined made the separation of the metals less radical than it has been in the later era. But in the countries having the double standard it was enough for gold to drive silver out, until international action was resorted to. In 1859 silver rose to a premium of nearly 4 per cent, above the 15½ ratio. This shows the utter futility of any idea that a single nation can, by unlimited coinage, establish value to a money metal other than that created by the commercial valuation of the world's markets.

The situation as created by these uncertainties and shifting from one standard to the other was so unsatisfactory that the first international monetary conference was held at Paris in 1867, for the purpose of establishing the single gold standard and an international coinage. The example of England strengthened the argument in favor of that course, backed as it was by the immensely increased supply of gold. The agitation at that time was at first for an international coin, then for the single gold standard; but it is the fact that the latter was urged very strongly. It also subsequently appeared that the Governments most set in that direction were the German powers that were using the single silver standard. They were determined to get rid of it, although the measure did not secure universal adoption.

The proposition for the single gold standard was vigorously opposed by Wolowski and Courcelles Seneuil in the conference, supported by the writings of Seyd, Cernuschi and De Lavaley. It is worth while to note that the theories of these writers, of whom Cernuschi applied the term bimetallism to their system, were based clearly and emphatically on the ground that a universal or at least a large international agreement was necessary to secure the concurrent use of both gold and silver, and that the cause of real bimetallism rests on that ground today. We are inclined to coincide with Prof. Bastable's opin-

ion expressed in his Encyclopedia Britannica treatise, that subsequent events went far to prove that the bimetallic opposition to the proposition was well founded. By virtue of their opposition the demonetization of silver was not adopted as an international policy. Germany and the Scandinavian Union determined to do it on their own account. France and the Latin Union tried to maintain the double standard; but the limitations of the bimetallic theory were shown by the fact that the Latin Union reached in less than 10 years the same point to which the United States has got after 20 years more, where the effort to keep silver at par with gold forced the suspension of silver coinage.

While we thus avow our opinion that the movement to demonetize silver in 1866, which developed into the German demonetization in 1870, was an error, the facts leading up to that movement are undisputably as stated. They contain complete disproof of the stupid and malicious charge that all the Governments of the world were bought up to serve the purpose of a monetary conspiracy, in three leading facts, to which our free silver friends never refer, probably through ignorance.

First—The alleged conspirators did not control the action of the governments of Europe. France, Italy, Belgium and Spain, the Governments which might be supposed to be most capable of influence by the imagined empire of plutocrats, maintained the double standard until the overwhelming stock of silver forced them to limit its coinage, and thus practically sustain their silver on a gold basis. Russia and Austria did not come to the gold basis for nearly 30 years after that date. If we suppose the alleged conspirators to have bought up anything they must therefore have succeeded in buying up Bismarck and the old Emperor William, with the Governments of Denmark and Sweden. But on the theory that the supporters of the gold standard formed a conspiracy of the gold "money lords," two further remarkable facts shine out.

Second—They advocated the cheaper standard. When the first Paris conference met, silver was at a premium of about 1 per cent on the European ratio and 4 per cent on the ratio of the United States. For 17 years before, it had ranged from that up to 4 per cent in Europe and 7 per cent in the United States. The stock free silver charge therefore implies the self-contradiction that the conspirators who were seeking to raise the standard and thus increase the amount of debt started by taking the metal, which, on the conditions existing then and for two decades before, would reduce the standard and decrease debt.

Third—They took the most abundant metal. During the five years, 1861-5, preceding the meeting of the conference, the world's production of gold had been $614,000,000 and of silver $177,000,000. For the 20 years ending with 1870 the production of gold was $2,596,000,000, and of silver, $879,000,000. The charge that there was a conspiracy to corner the money of the world is revealed in its true stupidity by the fact that the metal selected was the one that for 20 years was produced to nearly three times the quantity of the metal rejected. It implies that the "money lords" had not intelligence enough to know that—if we can estimate the mathematical proportions of the varying impossibilities—it was three times as easy to corner $800,000,000 of silver as $2,500,000,000 of gold.

The advocates of the gold standard in 1867-70 did not advocate it because it was the cheapest metal; they did not uphold it because it was the most abundant, but because it was in most general use and because it was the most convenient for the monetary uses desired. We agree with the European bimetallists that the policy was a mistake. But as bearing on the stupid and demagogical slander that the legislation of the world was under the dictation of the moneyed kings to corner the money of the world these two facts

are indisputable and completely dispel the slander.

First—The United States had nothing to do with the striking down of silver, because prior to 1873 it had no silver coinage in its redemption money, and since 1873 it has increased its silver coinage to an amount which largely offsets the displacement of silver in Europe.

Second—While the European movement to gold did increase the depreciation of silver in conjunction with the subsequent multiplication of production, the assertion that it was done to corner the money of the world is riddled through and through by the simple fact that if there had been any such base and criminal purpose it would have taken the metal of which the production for 20 years before had been little more than one-quarter the total production of monetary metals.

These facts put all the tirades about "the crime of 1873" in their true light as the circulation of a persistent and malignant falsehood.

* * *

V.—Bimetallism or Monometallism.

Two of the free silver correspondents of The Dispatch, in beginning the discussion concerning the results of free silver coinage, take up the question whether the opening of the mints of the United States to the free coinage of silver, while the mints of all other leading commercial nations remain closed, would depreciate the standard dollar to the market value of the bullion, or would raise the market value of the bullion to the present value of the dollar. This is a very important question, as it involves the issues whether we will have a depreciation of the standard; whether the change will be to real bimetallism or whether it will be actually to silver monometallism, with the contraction of the currency that must result from driving gold out of circulation.

One of the correspondents who takes up the argument that free coinage will raise silver to parity with gold, starts with the thesis, "We want real bimetallism." There is no dispute on that point between our contributor and The Dispatch, which has for years held the position assumed by the Republican platform. But the question is whether real bimetallism can be obtained by giving the right of unlimited coinage to silver at a rate that will permit silver bullion to be coined into dollars at half the cost of gold dollars. It would seem as a prima facie statement, that such a condition will ensure that every one will pay out the silver dollars that can be obtained so cheaply, and withhold the gold, or ship it to the countries where he can get twice the amount of silver for it. If a man has $100,000 to pay, he will not pay it in gold, even if he should have the $100,000 of gold in his safe, so long as by sending $50,000 of that gold to London he can get enough silver dollars to pay the debt and have $50,000 of gold left.

But as the free silver advocates present arguments that the privilege of coinage by the United States mints will raise silver to equality with the present standard, we will take up the arguments as presented, and examine the foundation which they afford for that idea.

Two arguments are advanced by them which, while differing in form, are practically the same in meaning. One presented by Mr. K———, is that as the Government collects $600,000,000 a year in taxes, it is "stuff" to say, as Postmaster General Wilson does, that under free coinage "no gold coin would be issued, because with the bullion necessary to coin a gold dollar could be purchased enough silver to coin two silver dollars."

This argument betrays the typical looseness of the free silver advocate in the statement of facts. The Government has not collected $600,000,000 revenue in any year for 30 years. If the assertion is intended to cover all taxation, it is equally loose in being as much too small. That it is entirely inappropriate is shown by one clause of his letter. That is the assertion that for the pay-

ment of these taxes "silver would take the place of gold" and therefore afford an increased use of silver. The fact happens to be that all municipal, county and State taxes can be paid in silver today. Further than that, nearly one-half of the revenue of the United States can be paid in silver, and the only thing that prevents the payment of the other half is the custom established 30 years ago of paying duties in gold. So that Mr. K———'s $600,000,000 of increased use for silver under free coinage, simmers down to actually nothing under the strict law, and about $15,000,000 to $18,000,000 per month on the most liberal basis.

The only reason why, with free coinage, people would use silver for these and other payments, more than they now do, would be that they could get it cheaper. Mr. K———, therefore, has to argue a depreciation of the standard, in order to predicate the increased demand for silver.

The contention that the receipt of silver dollars for Government revenue would give them the same value as gold dollars, has this foundation. If the issue of silver dollars were limited to the amount needed to pay these taxes, they would be sustained at par. The fact is that by this and other devices the United States is now sustaining at par a large volume of silver. France is doing the same; but both nations found that the continuance of coinage would land them on the single silver basis. The very proposition of free and unlimited coinage carries the matter far beyond the hope of sustaining silver at a parity with gold. That means that anyone having a debt to pay and having the gold to pay it with can buy silver with half his gold, have silver dollars coined to pay the debt, and keep the other half of the gold as a profit.

There is a very simple and very conclusive test of the claim that the ability to pay duties and excise taxes in silver would make a silver dollar as valuable as a gold dollar. That is the test of fact. In Mexico the Government revenues are all payable in silver, and they have less silver in proportion to population and general taxation than the United States has today. Is the Mexican dollar equal in value to the gold dollar? Go into Mexico with 100 United States dollars and you will get 190 Mexican dollars in exchange. China collects all revenues in silver. Is silver at par with gold in China on the ratio of 16 to 1? All the revenues of India come in silver. Did that prevent the depreciation of silver?

The argument of "Bimetallist" is the same as that just noticed, only put in a broader form. It is that the monetary demand of the United States for silver would be so great that it would take all the silver offered at par with gold. This is amplified by the assertion that if the $3,500,000,000 of silver held abroad at the present market price of 69 cents per ounce, should flow to this country, the United States could well afford to take it, and pay for it in domestic products, thereby adding to the sale of our merchandise.

It is easy to make assertions such as that the United States can take all the silver in the world at $1.29 per ounce, and keep it at par with gold by selling domestic products for silver. But the fact is that we need the great bulk of our surplus products to purchase things that we need from abroad. If the plan of accepting all the silver in the world at $1.29 per ounce in exchange for our products were put into effect, the people might object that they could not drink silver in place of coffee or tea, could not sweeten their food with it in place of sugar, take it for sickness in place of medicines, or smoke it in place of cigars or tobacco. It is in purchasing these and other articles of consumption that 75 per cent of our surplus products are used. The proposition to stop consuming them in order that we may accumulate thousands of millions of silver from abroad, at twice its present value, will, if properly understood, raise some dissent.

The entire contention of our free silver friends is that the demand of the United States alone will be so great that

it will raise the price of silver in the markets of the world from 69c to $1.29 per ounce. If the statement were that free coinage all over the world would do it, there would be some show of reason for it, although it would not be entirely correct, as we have previously shown. But the proposition is that the United States, comprising less than 5 per cent of the money-using population of the world, can do it all alone. And our friends expect us to accept that simply on the strength of their sheer assertion!

They do not find it convenient to take any notice of the facts showing the experience of the world to the contrary. But facts are the sole demonstration. We propose to add a couple more proofs, one of them coextensive with the country which they assert to be able to raise the price of silver by itself, the other coextensive with the trade of the world. Since it is asserted that the United States by its solitary action can double the value of silver, it is worth while to inquire what the United States has done. Prior to 1873 the United States had coined 8,000,000 silver dollars. Since then it has coined and purchased over 550,000,000. During the period when the United States coined 50 dollars for every one that it had coined before, what did the market price of silver do? As it declined from $1.29 to 65c per ounce, does not the assertion that the United States can control the matter sink to the level of utter fatuity?

The other demonstration is even more universal. The assertion is that the demand for a money metal is so universal that it will keep up the price irrespective of the supply. Whatever may be claimed for the use of silver in the United States under free coinage, no sane man will assert that it will be so universal as the world-wide demand for gold. Yet the fact is that within the memory of half the present generation the large increase in the production of gold made a sweeping reduction in its purchasing power. If the demand of the whole world for the two decades succeeding 1850 did not keep up the value of gold, reckoned in purchasing power, what utter nonsense it is to assert that it can be done for silver by the demand of a single country, particularly when that nation has already in the past 18 years coined seventeen times as much of all silver coins, and fifty times as many silver dollars as it did in the entire century prior to 1873.

It is a peculiar attribute of our free silver friends that they can recognize the relations of supply and demand where it suits them, but are unable to make the same recognition where it does not meet the exigencies of their argument. With regard to gold, in asserting that its price has advanced since 1873, they can see that what changes value is the altered relation of supply and demand; but with regard to silver they fail to see that the presence of an immense supply at a stated price makes it ridiculous to suppose that the demand of a single nation can raise the value. They ignore the plain showing of the statistics that the action of the United States has not depreciated silver, but has demonstrated its inability to advance it. They ignore the fact that the world's production of silver, as shown in the following table, by five-year periods, side by side with the average price per ounce for each period, indicates one great cause of the decline of silver.

	Production.	Average Price.
1851-5	$184,169,000	1.34
1856-60	188,092,000	1.35
1861-5	228,861,000	1.33½
1866-70	278,313,000	1.33
1871-5	409,322,000	1.29½
1876-80	509,256,000	1.15½
1881-5	594,773,000	1.11
1886-90	704,047,000	97⅞
1891-5	912,816,000	78½

Highest average for year, $1.36, in 1859; lowest, 63⅞c, in 1894.

Can anyone observe the steady increase in the production of silver from an annual average of $36,834,000, in 1851-5, to nearly five times the amount 40 years later, accompanied by the de-

cline in price as the accumulation grew and retain any doubt as to the great cause which has reduced the price of silver? That other causes may have co-operated is not disputed; but that this multiplication of the production is the chief one, is beyond question.

These are the considerations which show that the pending proposition for free coinage is not genuine bimetallism, but silver monometallism. No stronger or more authoritative corroboration of that position could be desired than the article of Dr. Otto Arendt in the North American Review on "The Outlook for Silver."

Otto Arendt is one of the leaders of the German bimetallists. He has fought for the restoration of silver in Europe by international agreement when the cause seemed hopeless, and he continues his advocacy when the movement has gained imposing strength. His article is devoted to showing the progress that has been made and the causes which hamper its movement to complete success. With regard to the latter, his article contains the following, which should arrest the careful attention of every man who understands the value of genuine bimetallism:

"If it is now desired to perpetuate the gold standard in Europe, let the Government at Washington adopt free coinage of silver at the ratio of 1:16. At present, after the closure of the Indian mints, this step could not possibly have any other result than to make the American standard a silver standard. The price of silver of course would rise, but not to 59 pence, and not permanently. The United States would have a standard not materially different from that of Mexico. All the disadvantages and all the advantages of a fluctuating and depreciated money standard would follow. Gold monometallism would be replaced by silver monometallism; the double standard would become nominal. No bimetallism can approve of this."

Further solid truths on the same point are expressed by Dr. Arendt. He says, "The United States alone cannot establish the double standard by adopting free coinage; they would shift over to the silver standard, and we would vainly wait for a stable ratio of values."

Finally he states the reality of the case in the following inclusive words:

"Only by insisting in all countries in an unequivocal manner on the international solution of the currency question, can international bimetallism be attained. 'No more experiments!' is therefore the only appeal which the European bimetallists address to those of America; no silver purchases, no silver coinage, otherwise than on the basis of international agreement; and no more abortive attempts to bring them about."

This is the opinion of all who have carefully studied the question in its international bearing. Henri Cernuschi insisted that free coinage by the United States would indefinitely postpone international bimetallism. This is the opinion of the present English Bimetallic League, and its converse has been signally proved by the events of the past three years.

The argument might be lengthened, but the foregoing is sufficient to prove the utter factitiousness of the idea. Free silver coinage means the scaling down of the dollar to the bullion value of silver.

* * *

VI.—Shifting Their Ground.

The arguments previously presented on the claim of the free silver contributors, that free coinage by the solitary action of the United States would not depreciate the value of the dollar to the market value of silver bullion in it, produces a large number of replies. But it is characteristic of those replies, that while attempting to mitigate the force of those arguments, they practically admit their effectiveness by shifting their ground to another branch of the discussion.

Mr. K———'s communication presents a characteristic jumping from one point to another. He started out with a certain proposition, namely, that the receipt by the Government of $600,000,-

000 of taxes would prevent the silver dollar from declining at all. The Dispatch showed first the inaccuracy of his figures, and second, that in free coinage countries where silver is used to pay all the taxes the silver dollar is worth just about half the dollar of the United States. Mr. K——— did not find it convenient to answer the latter and most vital point, but shifted his position by intimating that he meant all kinds of taxes, and that the fact that "silver would take the place of gold" in such payments would keep it at "the price of $1.29 per ounce, the same as it was in 1873." When it was shown in reply that all these payments can be made in silver now, and that the only reason why people would buy a thousand or a hundred thousand dollars of silver to make a payment under free coinage would be that they could get the silver cheaper, he skips off to another position and exclaims, "True, and silver is at par with gold!"

It would be the simplest way to answer Mr. K——— in his own style of argumentation by asking, since that is the case, why does he want a change except to make the silver dollar cheaper? We must, however, instance another point of the same character. The self-chosen position of these correspondents, maintained throughout various communications, was that a single nation—the United States—could, by its own monetary demand, sustain the price of silver at par with gold. The Dispatch showed that not only a single nation could not, but that the whole world could not, by the simple fact that the monetary demand of the whole world failed to sustain the purchasing power of gold after 1850. Our correspondent considers it logic to jump to another point and to another issue by asserting that the ratio between gold and silver did not vary, and that the depreciation of gold brought prosperity.

We are entirely willing to let Mr. K——— go to these points, but only with the specific understanding that his flight to them indicates the abandonment of his original and self-chosen position, and that having started with the assertion that silver under free coinage would be kept at $1.29 per ounce, he now admits that it would start to make some decline, but that the increased use would offset it. As the United States now has over $500,000,000 of silver, and as $3,500,000,000 is elsewhere in the world, ready to come in at the price of $1.29, the exact power of the increased use already shown to be non-existent, unless the money is cheaper, to advance the $4,000,000,000 nearly 100 per cent can be estimated by any sensible man to suit himself.

In jumping away from the question which had become untenable to the assertion that in the monetary movements from 1850 to 1870 the ratio between gold and silver did not vary, Mr. K——— again displays his need for exact information. It is to be noted that this question transfers the discussion to what can be done by the operation of demand and supply over the whole world. This is a radically different proposition from the one that the United States can establish the parity all by itself. The Dispatch has constantly held that the world-wide demand can, under wise international action, establish bimetallism. But while it is true that this genuinely universal demand, and not the demand of a single nation, can minimize the relative fluctuations of the two metals, any bimetallic writers who claim that it can prevent them altogether, simply betray their ignorance. The whole history of coinage consists of the record of the changes in the ratio from the original 10 to 1 down to 16 to 1, when further alterations were avoided by the resort to monometallism. The particular case in point illustrates the subject. The rise in silver during the fifties and sixties was minimized by the influence to which Mr. K——— refers—which is a real one when given the world-wide scope—but could not prevent the price of silver rising as high as 3 to 4 per cent in Europe and 6 to 7 per cent in the United States. The consequences of that rise were vast. In England, al-

ready on the gold basis, it did not have a direct effect. The United States was confined long before 1873 to the gold basis by the rise in silver. Holland adopted the single silver standard to guard against the depreciation of gold. The records of the change were most sensational in the coinage statistics of France, already cited. From 1830 to 1850, 86 per cent of the coinage in France was in silver and 14 per cent in gold. From 1850 to 1870 over 90 per cent of the coinage was in gold, and less than 10 per cent in silver. France went to the gold basis then, in fact, though not in theory, side by side with the United States, and both are side by side today.

Mr. N——— wishes to know why we beg the question of assuming that the gold dollar is the right standard. If that gentleman were able to recognize the course which the discussion has been given, not by The Dispatch, but by the free silver men, he would know that the only thing The Dispatch has assumed is that the gold standard is the present standard. No one has yet disputed that position; and the debate has been whether free coinage would change the standard or not. The original claim of two advocates of free coinage, that the silver dollar would remain of equal value with the gold, was so important and pivotal that The Dispatch sought to have that fully settled before proceeding to discuss the moral and financial effects of a change of standard.

Its reference to the experience of the silver-using countries of the world during the past 20 years, and to the experience of the whole world 40 years ago, as refuting the idea that the monetary demand of a single nation can prevent the decline in value of any money metal has not yet been answered. The failure to answer it permits the conclusion that the point is unanswerable; but as one other correspondent does not quite accept the conclusion, we will give a little more space to it. The communication signed "James Edward" suggests that the "silver barons" will regulate production and keep the price up to $1.29 per ounce. The alleged silver barons have for years egregiously failed to keep the price of silver above 70 cents per ounce, and many of them have idle mines, which they would be glad to start when they can get 75 or 80 cents. Whether our correspondent presents the idea to support free coinage, or the reverse, is not quite plain; but the proposition to alter the coinage law for the sole profit of the silver barons would, if well founded, sufficiently rank itself.

How little foundation there is for it may be seen from the following figures: Suppose the alleged silver barons could control the production of silver in this country—which they can't—their share of the market would be about $75,000,000. There is $125,000,000 more produced annually in other parts of the world. Besides this, there is an accumulated monetary stock of over $4,000,000, or the equivalent of 20 years' production, and in addition to that, uncoined silver and silver plate to an almost incalculable amount. The idea that an imaginary control of less than 2 per cent of this entire stock can control the price of the whole is almost pathetic in its innocence. The price now fixed for this metal, by the fact that it is what people will buy and sell it for all over the world, is 69 cents per ounce.

If these facts are appreciated, it will be seen that, to use our correspondent's figures, the question is not whether if anything were worth 100 cents in Philadelphia it could be bought in Pittsburg for 50 cents, but whether if it were worth 50 cents in Pittsburg and everywhere else, anyone in Philadelphia would be foolish enough to buy it for 100 cents. Suppose that Pittsburg or the whole country had 350,000,000 tons of pig iron, valued at $12 per ton, and the united wealth of Philadelphia should undertake to buy pig iron at $24 per ton. How long would it be before the wealth of Philadelphia would consist entirely of pig iron worth exactly the $12 per ton at which the oper-

ation started? That is the business proposition of those who assert that the United States can legislate the value of silver up to $1.29 per ounce in gold. It is so impossible that we do not believe the free coinage of silver would bring much foreign metal to this country, for the simple reason that as soon as it went into effect, the purchasing power of our dollar would fall to the parity of the bullion value of silver in the world's markets.

"Bimetallist" makes a further attempt to sustain the same professed basis of belief that free coinage by the United States alone will raise the price of silver to the parity of gold. He has found nothing to say in answer to The Dispatch's citation of the fact that the demand of China, Japan, Mexico and South America, constituting many times the population of the United States, has not sufficed to maintain the price of silver, nor to the other and more crushing proof, that the demand of the whole world for gold could not sustain its price against the increase from Californian and Australian mines in the fifties and sixties. These world-wide facts, showing that legislation cannot prevent the action of demand and supply on the value of monetary metals any more than on anything else, he leaves unanswered; but develops instead some very peculiar arguments which call for a short notice.

One is that remarkable theory of the United States' exchanging its products for all the silver of the world. His argument that we can deal with silver nations more advantageously when we adopt silver is a remarkable inconsistency after he has in the same article indorsed the position of The Dispatch that the coinage of one country does not materially affect the exchanges of international commerce. But it goes still further into the realms of the grotesque in the light of the fact that our foreign commerce at present consists of selling the largest share of our products to gold countries in order that we may buy products from all countries, whether they are gold or silver. It is written apparently in ignorance of the fact that in 1894 we sold $419,000,000 of products to Great Britain and Ireland and took but $106,000,000 of merchandise in return. In other words, by selling to the United Kingdom, we got a balance of $312,000,000, with which we paid a balance the other way of $66,000,000 in our trade with Brazil; $55,000,000 in our trade with Cuba; of $16,000,000 with Mexico; $16,000,000 with Japan; $12,000,000 with China, and so on through a long list of lesser amounts.

It is putting the discussion into the category of humorous literature, when our correspondent proposes that we shall increase the products with which we are to buy the world's stock of silver by working 90 days more each year. Inasmuch as just about 75 per cent of our exports are agricultural products, the proposition of our friend that the farmers shall sow wheat in December and harvest corn and cotton in the blizzards of February, is interesting and likely to contribute to the gayety of the issue.

But even that play of the imagination is matched by another feature of the same idea. The proposition which our correspondent is maintaining, for the time being, is that silver is to be maintained at a parity with gold under free coinage, by the United States taking all the silver of the world at $1.29 per ounce in gold. At present the United States can, with the exportable surplus that it is able to produce, buy silver in the world's markets at 68 to 69 cents per ounce. That is practically what is done in the settlement of balances through England, with the silver countries of which we buy sugar, coffee, tea and spices. The proposition, therefore, is that the United States shall pay twice as much for silver as it now does, on the exchange of its products. With the products that now buy a million ounces of silver, it is to buy only a little more than half a million ounces. This means that we are to get about half as much for our products! Yet the inventor of this remarkable proposition asserts that what he wants is to raise prices!

This is closely matched by an argument produced and widely circulated within the past few weeks, by a silver champion much more prominent than our correspondent, but who, we really believe, is less intelligent. The Hon. Richard Bland, of Missouri, made the declaration that when the United States opens its mints to the free coinage of silver, all the silver of India and China will be advanced to par with gold, because anyone would be foolish to sell his silver for less than the United States mints would give. The holders of silver in China and Japan will demand $1.29 per ounce for their silver, Mr. Bland alleges, because they can get that at the United States mints. This implies that the American people will supply the mints with the means to pay India and China for some $1,700,000,000 in silver, to say nothing of about $1,800,000,000 in the other parts of the world. But how will the United States pay for these very good-sized monetary purchases? By their exports, of course, as our contributor indicates. But with all the exports that we can send abroad now, we can already buy all the silver that anyone wants for 69 cents per ounce. Mr. Bland alleges that paying twice as much for it, or getting half as much in return for our exports, will confer abundant prosperity on the Nation!

This is alleged to be statesmanship in this year of grace. It is of the class entirely in harmony with the fiat theories, since the only approach to statesmanship about it, is the assertion that it is so.

The fact is, as should be known by every man of intelligence enough to master the rudiments of this question, the United States mints will not, under free coinage, give anything at all for silver. They will simply take the silver presented, and stamp it into dollars showing that it contains a certain degree of weight and fineness. The dollars that the owner gets back will be worth just what is costs to get the silver to make them. They can be worth no more than that, because anyone else can get the silver and have the dollars made at the same price. Yet the amazing fact is that one of the men supposed to be such a master of the question that he was the second figure in the contest for the free silver Presidential nomination, has put himself before the country in the attitude of claiming that the United States mints will buy the silver of the world, to such a degree as to raise the vast stock of India and China from the present price of 69 cents per ounce to $1.29.

Besides the fact that the free silver disputants have been unable to find any answer to the world-wide facts, and the declarations of such eminent bimetallists as Cernuschi and Otto Arendt, our point is demonstrated by the course taken in their arguments, that prices have undergone a ruinous decline by reason of the advance in the purchasing power of gold; that therefore debtors are oppressed; and the conclusion as to the public duty that free coinage must be adopted in order that the debtor may pay his debt in dollars more easily obtained through the advance in prices, that would follow a cheapened dollar. If they were amenable to logic they would see that the attitude they have now reached proves that their first position was either insincere, or ignorant. Mr. K———'s familiar denunciations of the decline in prices, the advance in gold by 100 per cent, and the necessity of relieving these hardships, have no meaning at all, unless the free coinage should cheapen the dollar. If it raised silver to a parity with gold, it would be just as hard for the debtor to pay debts in silver as in gold, and would not relieve the hardship of 50-cent wheat in the slightest degree. We believe Mr. K——— to have reached his genuine position; but he does so at the expense of showing that his original position was the false one.

Exactly the same thing is true of the other leading free silver contributor, "Bimetallist." He comes along in more consecutive and orderly style; but he

reaches the same point. The man who could once pay $1,000 of debt with 1,000 bushels of wheat must now pay 2,000 bushels to discharge the same debt. The desire is that the payment shall be made in silver in order that the thousand bushels of wheat shall be again able to pay the thousand dollars. The same assertions are made of doubling the price of gold, of doubling debt with it, and of the need of adopting the silver standard to enable the payment of one-half the present debt. This is the real issue; and reduces all that has been written by our correspondent to prove that free coinage would not depreciate the standard, to the argumentative value of waste paper. For if free coinage would raise the silver dollar to the parity of gold, it would leave things just as they are. The farmer must raise just as much wheat to earn the thousand dollars of silver or pay a thousand dollars of debt. The mortgage will be just as nearly a deed as before, and the same amount of effort to get a dollar will be required. The purpose that our correspondent avows of relieving the debtor by a cheaper dollar is entirely defeated if free coinage does not cheapen the dollar; which makes his previous argument that the dollar will not be cheapened, an empty and insincere parade of words.

It is undoubtedly true, that in reaching this position, our free silver contributors have reached their genuine purpose. This is corroborated by the fact that every free silver leader, whether Democratic candidate or member of the Senatorial silver syndicate, unites in harping on the decline in prices, the burden of debts, and the duty of legislation to rectify these hardships. But not a word of this has any point unless free coinage is to raise prices by the device of calling the present value of a half-dollar a dollar, and thus furnishing a cheaper dollar with which the debtor can pay his debts in a standard a little more than half of that which is now established.

We are entirely willing to proceed to the discussion of prices, debts and the effect of free coinage upon them. But this must be upon the distinct recognition that, in shifting to that point, the free silver advocates concede that their first position was untenable. By resorting to arguments that positively call for a lowered standard, they admit not only that free coinage by the United States alone will not raise silver to a parity with gold, but that they do not wish it raised. Before passing to the other branch of the question, therefore, it must be set down as practically agreed:

First—Free coinage by the United States alone, would reduce the value of the silver dollar to the market value of the silver bullion in it. That market value is now the equivalent of 53 cents on the present dollar; but as the United States could use somewhat more silver than at present it might raise the value of the standard to 60 or 65 cents.

Second—This will not be bimetallism, but silver monometallism, as no man having a thousand dollars in gold will pay it in trade when he can get for it $1,500 to $1,600 in the coin available for payments.

Third—This will not increase our stock of money, but will diminish it by taking out of circulation all our gold, amounting to six hundred and twenty-five millions, and depreciating the power of the remaining 1,200 millions to transact the operations of trade in exact proportion as the dollar is cheapened.

* * *

VII.—Gold and Prices.

We have now reached the point where we can examine the claim of the free coinage advocates, that their measure should be adopted in order to relieve the producer by raising prices and the debtor by making it easier to get money to pay debts, with a clear understanding that this implies the reduction of the monetary standard to the bullion value of the silver dollar. A statement of their reasons for doing this, is the first step to an intelligent discussion of the proposition. In addition to the assertion of a crime and con-

spiracy against silver in 1873, which has been heretofore shown to be a baseless imagination, they allege:

First—That under the legislation of 1873 and subsequent years, gold has enhanced in value 100 per cent, as compared with all other commodities, while the value of production has declined in equal ratio, the necessary result being that "securities," by which is meant bonds, mortgages, and other debts, payable in money, have increased in equal proportion to the purchasing power of gold.

Second—That as the result of this the debts have eaten up the production, the country has been unprosperous, and the burden of debt has immensely increased in volume. One statement of it is that there was practically no debt in this country in 1870, and that there is $28,000,000,000 now.

Third—That the reduction in prices caused by the conspiracy of 1873 is even and equal with the reduction in the price of silver, one way of putting it being that frequently heard, "Since the silver bullion will buy as much," as it ever did.

Fourth—As a deduction from these various allegations, it is plainly the right thing, and the only right thing, for the United States to do, to adopt free silver coinage, for the express purpose that we may have a cheaper dollar, that by reason of that cheaper dollar, prices may advance, and especially that prices having advanced, or the standard being cheapened, the debtors of to-day may be able to pay their creditors less than they would pay them by the present standard.

If there are other leading points in this stock argument for the cheaper dollar, we will add them when called upon to do so. But without claiming absolute exhaustiveness, we think it is a fair outline of the doctrine.

Apart from the question whether it is a correct conclusion to disturb the standard now, because it is alleged to have been disturbed 26 years ago, and without reference to the future results of such a step—all of which The Dispatch will take up in due time—there is a wide range of assertion here, that, in order to carry out our purpose of exact and accurate determination of each point, must be submitted to the test of facts. To do that properly it may be necessary to devote an article or more to each of the assertions.

Before taking up the question of the advance in the purchasing power of gold, we will give a paragraph to the corelated assertion, made by the free silver advocates, that the gold is in possession of a few persons who have got it permanently "tied up." It is an insult to the public intelligence that anyone should make such an allegation in the light of the events of the past six months. For, within the present year, there was a case in which the strongest monetary combination of this country made a transient attempt of that sort. It could realize a profit of several millions if it could control the stock of gold not for the impossible and unprofitable period of over 20 years, but for the space of one month. A temporary belief in its fictitious control was imposed on the Treasury management; but when, in obedience to the public demand, the bond issue was thrown open to competitive bidding, the gold of the country competed for the bonds to the extent of about $600,000,000. With that demonstration of the failure of an attempt to control the gold for 30 days fresh in the public mind, the talk of controlling the stock of the world for over two decades is the emptiest nonsense.

The Dispatch has heretofore stated its belief that there has been since 1873 some appreciation in the purchasing power of gold. Exactly what that appreciation has been, is difficult to determine; but that it is nothing like what is alleged by our free silver friends is not at all difficult to demonstrate. They base their assertion that gold has increased in value 100 per cent upon a comparison of it with certain staples in which there has been a marked decline. In every one of these cases the decline is mainly and notor-

iously due to causes entirely separate from the monetary standard. Wheat is the favorite example, and even with regard to that staple constituting less than 2 per cent of the total production of the country, their assertions suffer a severe shrinkage when compared with actual facts.

"Was not wheat worth a dollar?" demands our typical silverite. Was it? We have before us a statement of the amount of leading agricultural products and prices, in various States, in 1869, furnished by the Census of 1870. It was collected and published before anyone dreamed of a silver question. The wheat crop was one of 246,000,000 bushels, or the proportionate equivalent of a 400,000,000 bushel crop at present. The price of wheat per bushel in the trans-Mississippi region, as it was then developed, was: Iowa, 52 cents; Kansas, 79 cents; Nebraska, 57 cents; Minnesota, 59 cents. In the same table as we come east we find the price rising, in Illinois, Indiana, Michigan and Ohio to 76 up to 97 cents, while east of Ohio, in Pennsylvania and New York, it was $1.28@1.34 per bushel. Does not this suggest to any fair mind one leading cause of the decline in wheat? In the region which now affects by its output the wheat market of this country, there was no dollar wheat in 1869. Fifty to 60-cent wheat was established then, or in gold value, to compare it with gold value now, 40 to 48-cent wheat. The use of harvesters, steam ploughs, the methods of bonanza farms, and the opening of immense wheat districts in other parts of the world, have still further reduced the price obtained for wheat in the West; but when the fact set forth above is taken into consideration, not so much as was supposed. The margin left for the influence produced by an advance in gold, would, if wheat alone were to be taken as the criterion, reduce that appreciation to an infinitesimal percentage.

The same mistake extends through the whole list of staples usually cited, such as the other cereals, iron, steel, wool, cotton and many others, including silver, for all of which either improved processes or the immense enlargement of production, or both together, have been leading features of industrial history. We can only judge of the value of gold, while it is the standard, by its purchasing power. But to obtain any approximation to correctness we must make the comparison on staples in which there have been no revolutionary inventions and no vast multiplication of production in proportion to original demand. To do this exhaustively is the statistical labor of years. Some of those who carried it furthest present showings that the average of all such products measured by a given amount of gold is less now than 25 years ago—a conclusion that we are not prepared to fully accept.

But it is certain that there are a great many evidences in that field that the decline of values solely by the enhancement of the standard has been nothing at all approximating the allegations of our free silver friends. In agriculture, which is frequently appealed to, such facts are prominent and decisive. The corn and hog products of the country were worth over $1,000,000,000 in 1891, against $800,000,000 as the maximum value of the crops of wheat and cotton taken together; and after 20 years the prices of both taken together are higher than they were in 1873. Poultry and eggs form a staple in which there have been some improved methods, but not enough to cause a huge expansion of product with the same amount of labor, and the consequence is that eggs and poultry are worth nearly as much as they were in 1870. Butter, though the creamery methods might be expected to largely increase the supply, and oleomargarine is supposed to be another depressing factor, has declined less than 5 per cent. The total production of hay on all farms is greater than the value of any cereal, except corn, and, notwithstanding the mowing machine, hay is worth more to-day than its gold value in either 1869 or 1860. These instances might be multiplied without reaching a conclusion until all

the price lists of the world, all the factors of prices throughout the world, were examined. But there is one staple, the largest in total amount, the most important to the masses. The cost of living for labor has been materially reduced; yet the following figures come from the census reports of 1870 and 1890 with regard to manufactures:

	1870	1890
Number of establishments.	252,448	355,415
Number of employes	2,053,996	4,712,622
Wages paid...	$775,584,343	$2,253,216,529
Av. annual wages	$382	$484

To make the comparison exact, we must remember that the figures for 1870 are expressed in depreciated currency, and that the gold value of wages given in that column is $306. If, therefore, it is a fact that gold has appreciated 100 per cent since 1873 the industrial wage-workers of the United States received in 1890 over three times the wages of 1870. We do not think the record is so good as that; but it is good enough, however it is taken.

It would be foolish to claim that this rise in the actual amount of wages paid is due to the gold standard. It is due to the immense expansion of industry under a variety of causes, of which the stability and assurance of our financial system are an important part. But the fact that such an expansion has taken place, and that the manufacturers of the United States have been able to employ 2,650,000 more men, to pay them $1,500,000 more wages, and to increase the wages paid each employe by not less than 60, and probably 75 or 80 per cent, is a crushing answer to the wild allegations of the ruin and desolation caused by the alleged advance in the value of gold.

While these facts utterly upset the fictitious statements with regard to 100 per cent advance in gold, the statement of the precise change in the purchasing power of gold is not so easy. The wages of labor just cited would, if accepted as a measure, show a marked decline in the purchasing power of gold; but, as already said, it is not a correct measure, the advance in wages being largely due to other factors, such as the enlarged use of machinery, which multiplies the productive power of labor. But there is another measure as universal as wages which has been subjected to no such revolutionary changes in cost of creation as steel and iron, and, while the amount in competition has largely increased, it has not been such an immensely depressing factor as the multiplication of wheat lands all over the world. Yet it is that very department of industry which is alleged to be depressed one-half by the conspiracy of 1873.

The total of improved acres in the farms of the United States by the census of 1870 was 188,000,000, and by the census of 1890 it was 357,000,000, an increase of about 90 per cent. The gold value of farm land, fences and buildings, in 1870, was $7,410,000,000; in 1890, it was $13,297,000,000. Thus we have an average value per acre in 1870 of $39.23, and in 1890 of $37.22 per acre. As already pointed out, there were some special causes inducing a decline. The productive acreage increased nearly 90 per cent, while the population of the country increased but 63 per cent. The 169,000,000 of new acreage was practically all from the States which in 1869 produced wheat and rye at 50 to 60 cents per bushel, oats at 30 to 40 cents, and corn at 20 to 30 cents, or from newer States with even greater powers of cheaper production. This addition of new and cheap land to the total would inevitably lower the average price per acre, other things being equal. Yet the actual fact is that notwithstanding this influence, the decrease in the acreage value of improved lands was just about 5 per cent, up to 1890.

The comparison of tables of values, to indicate the purchasing power of the monetary standard, is subject to the objection that they do not exclude the reduction in cost caused by improvements in production and transportation, or the rise induced by special

causes. But even allowing that factor to stay in, the result is very different from that which our free silver friends allege. Soetbeer's tables took the price of 114 staples at Hamburg, and therefore covered the widest field, giving the most valuable results. The values from 1847 to 1850 were taken as 100, with the following evidence of the changes in gold values since then:

1851-55	112.22
1856-60	120.91
1866-70	123.59
1873*	138.
1886-90	104.49

This shows that the reduction in the purchasing value of gold from 1850 to 1870 raised the average price of staples a maximum of 23½ per cent. We insert the figures for a still higher rise in prices, which was especially evident in Hamburg, and was also felt all over the world, from 1871 to 1874, due to the Franco-German war. That it had nothing to do with the relations of gold to silver, we think our silver friends will admit, when they see that it took place after the German decree adopting gold coinage and during the same period that silver was falling from $1.31 per ounce to $1.26. Then the average of prices declined, slowly, reaching the level of 1866 to 1870 about 1878, and reducing the general level in the years 1886-90 to 104.49, or about 16 2-3 per cent below the values prior to 1870. That these tables include such staples as wheat, or wheat flour, iron, steel and petroleum, which can be produced and marketed now at one-half to one-sixth the cost of human labor required to produce them in the seventies, is beyond dispute. Therefore, 16 2-3 per cent is an excessive statement of the appreciation in gold.

In the same connection some figures on the leading staples in the commerce of this country are interesting. A tolerably definite showing of the course of prices on agricultural products is afforded by the following table of prices in New York of the leading staples, in which new inventions and improved methods have not been at work. Excluding wheat, oats, rye and barley, iron, steel, cotton and woolen goods, because, as already shown, their prices have been reduced by well-known causes outside of the monetary standard, the figures give an idea as to the real course of prices. They are all affected by the reduced cost of transportation. The commercial authority from which we take these figures does not give prices prior to 1879, giving prices only for the period of the gold basis. The prices for 1873 would undoubtedly be higher, for two reasons. First, they were quoted in depreciated currency; second, in many of them the demand from Europe, which, as we noted in quoting Soetbeer's figures, had raised prices at Hamburg, also had their effect in the New York market. The quotations at the opening of the years specified are as follows:

	1879.	1892.	1894.	1896.
Corn, bu...	$ 47	$ 53	$ 42	$ 36
Pork, bbl..	7 05	10 50	14 25	9 75
Lard, lb..	5¾	6½	8¾	5¾
Hams, lb..	6	7¾	9⅛	8¼
Butter, lb.	23	26	25	22
Cheese, lb.	8¾	11½	11¾	10
Leather, ".	19½	17	18	22
Hay, cwt..	45	65	80	85

These figures prove that from 1879 to 1894 the values of these important staples advanced rather than declined. In the past two years, with some exceptions, they have declined. The immense corn crop of last year is a prominent cause of the decline in that staple, and the pork products; the depression of 1893-4 also had its general effect. But the proof of the general maintenance of these prices during the period in which silver declined from 1.14 to 68c per ounce, is complete disproof of the claim that all products have declined in the same proportion, and that, therefore, gold has appreciated in the same ratio.

For the sake of obtaining a more extended comparison of the course of prices in this country, with that indicated by Soetbeer for Europe, we have taken from the United States Statistical Abstract for 1896, the quotations for the period 1872 to 1874 inclusive, and compared them with the quotations of

the three years, 1890-2, and the three years, 1893-5. Twenty-nine staples in the following list are thus compared, the average price for the years 1872-4 being reduced to gold value. Nine more are included, for which the values given by the United States Statistical Abstract do not go back further than 1879, these being indicated by asterisks. The prices of grain and farm animals are those afforded by the statistical valuation of the crops for the years specified in the fields of production. Other prices are those in the New York market. The table is as follows:

	1872-4	1890-2	1893-5
Wheat	$ 1 04.7	$ 0 76.7	$ 0 51.3
Rye	69.6	55.7	48.5
Oats	35.	35.2	27.2
Cotton	17.5	9.1	7.6
Standard Prints	9.6	6.1	5.1
Ohio Wools	52.	30.	23.
Carpet Wools*	13.	10.	9.
Pig Iron	35 54.	17 56.	13 42.
Illuminating Oils	21.6	6.7	4.6
Copper*	13.6	7.9	8.2
Tin Plates	4.5	3.	2.6
Corn	41.8	43.2	36.2
Tallow*	6.38	4.67	4.86
Rio Coffee*	14.9	16.2	16.5
Sugar (Raw)*	7.4	4.3	3.4
Anthracite Coal	4 57.	3 91.	3 76.
Leather	21.6	16.1	15.1
Bacon and Hams	8.4	7.8	9.1
Lard	9.8	7.	8.7
Salt Pork	7.5	6.	7.6
Mess Pork	14 11.	11 67.	14 79.
Salt Beef	6.9	5.6	5.6
Butter	18.1	14.9	17.6
Eggs	21.1	17.	19.9
Cheese	11.3	9.1	9.4
Tobacco	8.7	8.6	8.7
Flax (per ton)*	307 00.	251 00.	290 00.
Hemp*	113 00.	160 00.	138 00.
India Rubber*	48.9	44.	44.
Mackerel*	5 39.	11 97.	11 06.
Rice	3.2	2.	1.7
Still Wines	67.5	69.	70.2
Horses	65 10.	65 50.	39 40.
Mules	81 90.	85 50.	57 08.
Milch Cows	26 25.	21 90.	20 60.
Beef Cattle	17 15.	15 00.	14 90.
Sheep	2 45.	2 45.	2 00.
Swine	3 69.	4 50.	5 46.

In these prices can be seen the pertinence of Prof. Taussig's warning against accepting such tables as the basis of exact conclusions on the purchasing power of money, in the marked changes due to special and well-known causes. Thus horses retained their value in gold for eighteen years, but when electric railways and bicycles made themselves felt, declined nearly one-half. Sheep were worth as much in 1890-2 as in 1872-4, but the repeal of the wool tariff caused a heavy depreciation. The doubling of the value of mess mackerel is plainly due to a special cause, but not more so than the decline of one-half in the price of wheat. The results to be drawn from these figures are not to be accepted as a precise determination of the price of gold; but taken in connection with the figures already cited, they permit approximate conclusions.

First, separating the staples that have declined, from prominent and noted causes, such as the improved harvesters, opening of new fields of production, and new routes of commerce for those of which transportation was the chief element of cost in New York and new processes of manufacture, we have the following result. Taking the gold prices of 1872-4 as 100, the prices on these staples subjected to special influences of decline show for the periods named the following percentage of the former prices:

	1890-2.	1893-5.
Wheat	73	49
Rye	80	70
Oats	100	78
Cotton	52	43
Standard prints	63	53
Ohio wools	58	45
Carpet wools	77	69
Pig iron	49	38
Illuminating oils	31	21
Copper	58	60
Tin plates	67	58
Sugar	58	46
Rice	62	53
Average	64	52

From the remaining 25 staples we exclude mess mackerel, in which the 120 per cent advance is clearly outside of any monetary influence. We also exclude lard and salt pork as of the same class as bacon and mess pork. To the remaining 24 we add two great staples already referred to, and of more value in determining the course of prices, than any commercial commodity. In this list, which may be held as showing the normal course of prices, the per-

centage of the prices of 1872-4, for the periods indicated is as follows:

	1890-2.	1893-5.
Corn	104	87
Mess pork	83	105
Tallow	73	76
Rio coffee	108	110
Anthracite coal	88	82
Leather	75	70
Bacon and hams	93	108
Salt beef	81	81
Butter	83	97
Eggs	81	94
Cheese	81	88
Tobacco	99	100
Flax	82	94
Hemp	142	122
India rubber	90	90
Still wines	102	105
Horses	101	60
Mules	104	70
Milch cows	83	75
Beef cattle	88	87
Sheep	100	81
Swine	122	121
Average	89	90
Improved farm lands	95	
Industrial wages	160	
Average	92	

The percentages of the last two items are from the comparison of the years 1869 and 1879 given in the census. With them the average fall in values on staples not affected by important and special causes is 8 per cent. Without them it is 11 per cent, in 18 years, and 10 per cent in 21 years. The six staples on which the comparison only begins at 1879, might make the average decline one per cent greater.

There are further inferences from these figures that are important in this connection. The 13 staples subjected to the influences of improved machinery and multiplied fields of production, show by themselves an average decline of 36 per cent for the years 1890-2, and of 48 per cent for the years 1893-5. But taking them with the others, the average ratio on the 36 staples, including the one excluded from the other table on account of its exceptional advance, is 84 per cent at the earlier period, and 79 per cent in the later one. The first results correspond closely with the decline in prices shown by Soetbeer's tables of 16 per cent between 1870 and 1890, and indicates that if staples subjected to special causes of reduction of price had been excluded from the German statistician's figures, the result would have shown, like ours, a general decline, outside of those examples, of 10 to 11 per cent. The second result contains another important suggestion. The decline on the 36 staples was 16 per cent in 18 years, and 5 per cent more in the next three years. On the 13 staples of greatest decline it was 36 per cent in 18 years and 12 per cent more in three years. In other words, the annual rate of decline was just about twice as great during three years of disturbed credit and legislative interference with business, as during the 18 years of the alleged demonetization.

These facts, with others that might indefinitely stretch out the subject, permit us to see how much truth there is in the assertion that the silver dollar, the bullion value of it, will purchase as much as ever. In 1870 the bullion value of a thousand silver dollars would pay the average wages of the industrial worker for three years and nearly four months; in 1890 it would not quite pay the average wages for one year and one month; in 1870 it would pay the average price of 25 acres of improved farming land; in 1890 it would buy about 14 acres. It would buy less hay, less butter, less eggs and poultry. It will buy a little more than half as much corn and less than half as much hogs and hog products. Until the trolley and the bicycle knocked out the horse it would buy less horses. It is really doubtful whether it will buy as much wheat on the farms of Kansas, Nebraska and the Dakotas to-day as in 1870. It will buy more iron and steel, because invention has enabled from four to six tons of these staples to be turned out at the former cost of one ton. Pursue the inquiry through the entire list of com-

modities and staples, and it will be found that the bullion value of silver will not purchase as much as it did in 1870, by 50 and 60 per cent.

The causes of the decline in silver are well known to anyone who has sought the information. Of the 47 per cent decline in silver from the parity of gold, 20 to 25 per cent was probably caused by the multiplied production from the Comstock lode, the carbonate camps, Mexico and South America; from 15 to 20 per cent from the cessation of demand by the European countries that changed from silver to gold, and by the stocks of silver which they gradually pressed on the market, and, perhaps, not more than 5 per cent, probably about 10 per cent, and possibly as much as 15 per cent, was due to the appreciation of gold from the demand of countries that changed from silver to gold, or, like the United States, resumed specie payments in gold.

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VIII.—Wealth and Debt.

The article on "Gold and Prices" in yesterday's issue dealt with the allegation of the free silver men that gold had, by reason of demonetization, doubled in value. In this article we propose to give some attention to the correlated assertion that this increase has been destructive of prosperity, has put the producers of the country "in a hole," to quote one elegant expression of our controversialists.

It is to be noted that this assertion of fact has a retroactive, as well as a deductive, relation to the allegation of an advance in gold. If the monetary standard doubles in value, it must be a severe burden on productive industry, preventing its growth and expansion. Even if there were the 10 per cent appreciation of the gold dollar, which we estimated yesterday as the probable change—and which we do not present as a precise conclusion—it would be a drawback. If, therefore, industry has been stagnant, the creation of material wealth at a standstill, and production limited during the period since the alleged demonetization of silver, it would afford corroborative evidence of the allegation of an advance in gold by exhibiting the symptoms of its results. If, on the contrary, production has expanded, material wealth increased not only in proportion to the growth of population, but in excess of it; wages of labor risen and the total of products multiplied, the conclusion is forced upon us not only that the 100 per cent increase in the purchasing power of gold is a figment of untaught imagination, but that if there has been a 10 per cent appreciation, it must have been compensated for by some other factors to offset its unfavorable influence.

The question which we propose to take up to-day is the existence of debt as an evidence of the oppression, inability to keep the teeming millions at work, and stoppage of production of national wealth. In one of Mr. K———'s letters, a sentence called upon us to refer to the census of 1870 and see that the debt then was practically nothing, and then to go to the census of 1890, and perceive that it was $28,000,000,000. Of course we cannot charge the majority of our free silver friends with supporting this absurdity, although some of them have made even more extravagant statements. But it is typical—though an extreme type—of the general claim of the cheap money school, that the people were prosperous and free from debt before the crime of 1873, and that they have been loaded down with debt by its results in the succeeding years.

The fact is that the census of 1870, so far as we are able to find from an examination of it, made no attempt to give a statement of debts. It certainly made no such idiotic statement as that the debt was "practically nothing," and if it had, would have demonstrated thereby its utter worthlessness. But on the items of debt in which the census of 1870 permits a comparison with that of 1890, the following is the result:

Debts.	1870.	1890.
National ...	$2,406,562,372	$ 891,960,104
State	352,866,698	228,997,389
County	187,565,540	145,048,045
Municipal ..	328,244,520	724,463,060
School dis...	.....	36,701,948
Total	$3,275,239,130	$2,027,170,546

In other words, so far as the comparison can be made by the official figures, to which we were cited, the result is a decrease of public debt by over one-third, the item of municipal debts being the only one that is increased. There are other items of debt on which a comparison can be made, not by authority of the census, but upon other fairly reliable sources, as follows:

R. R. bonds.	$1,580,000,000	$5,669,000,000
Bank loans..	1,300,000,000	3,077,000,000
	$2,880,000,000	$8,746,000,000
Pub. debt...	3,275,000,000	2,027,000,000
Total	$6,155,000,000	10,773,000,000

The precise figures for these two items in 1870 we have not at hand, and we quote them from sources which give round numbers. They may be liable to slight revision, but not enough to change the general result. Consequently, we have a net increase of public, corporate and commercial debts from six to ten billions.

We should be glad to have our free silver friends tell us what volume and page of the census of 1890 shows a total of debts of $28,000,000,000, as alleged by some of them. At the time of "Coin's" remarkable publication of falsified figures, we showed that the corrections that could be made by any man of average intelligence would reduce his statement of $40,000,000,000 to about $18,000,000,000. This is closely verified by the volume of the United States Census on Mortgage debt, which gives the following statement of the amounts of debt not included in the statements already made:

Street railway debt.....	$ 182,240,754
Telegraph, electric and other corporations, est.	143,335,567
Telephone Companies...	4,992,565
Real estate mortgages...	6,019,679,985
Crop liens and chattel mortgages, (est).....	600,000,000
Private debts (est).....	1,303,334,249
Total	8,253,483,120
Public and R. R. debt and bank loans.....	10,773,687,426
Total debt.....	$19,027,170,546

Of the $8,250,000,000 of debt stated above, there are no official statistics given for 1870, with which to compare the figures. It is evident that the three hundred millions of street railway, electric, telephone and power companies has been mainly created since then, and represent a large addition to the wealth of the nation. But no sane man will claim that there were in 1870 no real estate mortgages, crop liens or private debts, which in 1890 made up $7,900,000,000 of the total. When we remember the liquidation of those debts that took place from 1874 to 1878, the fact that there was a vast total of them is too plain for dispute. Conservatively estimating these debts for 1870, at $3,900,000,000, or, conceding in the mere guess-work that must result from the absence of statistics, for 1870, that this unknown factor of debt has increased more rapidly than population, and we arrive at totals of about 10 billions of debt for 1870, against 19 billions for 1890.

While we were referred to the census as authority for a statement which the census by no means bears out, there is one thing that the census does show, which those who assert its enormous increase of debt do not refer to. That is the return of the total wealth of the nation. The census report of the total wealth for 1890 is $65,073,000,000; for 1870 in gold value it is $24,053,000,000. The increase is $41,000,000,000. The absolute statistical factors, therefore, show that public, corporate and

commercial debt was 25 per cent of the nation's wealth in 1870 and 16 per cent in 1890. Adding a liberal estimate of the unknown debt for 1870 the total was over 40 per cent of the total wealth, while in 1890 it was 29 per cent. The actual meaning of the increase of debt is plain in the character of the items which are enlarged. Public debt representing largely the losses of the war, has been decreased more than $1,500,000,000. But other forms have been increased enough more to make the total expansion $9,000,000,000, by which means the total wealth has increased $40,000,000,000.

This may give some light on the question what this expansion of debt was for. The largest single item of it, and the one which shows the largest increase, is that of $3,800,000,000 in railroad debt. That debt furnished the means to build 105,000 miles of railway, without which the country could never have expanded as it has. The increase in bank loans furnished the means for a corresponding increase in the volume of mercantile and manufacturing operations. The increase in municipal debt stands for a part of the expenditure which has built cities and furnished them with pavements, sewers, water, parks and public buildings. The increase in mortgage debt means the construction of new homes in cities and the opening of 170,000,000 acres of additional farm lands. In one of Mr. K———'s letters he said "credit (meaning debt) is putting up your house to get money," which is a sample of his characteristic inaccuracy. What debt really means when intelligence and industry rule it, is getting money to put up your house. A man has a lot worth $1,000, with no buildings on it, and therefore unproductive. He borrows $1,500 and builds a house, and then the rental or use of the house pays him an income on the $2,500. Is the man better off or worse? This operation expresses the character of the great mass of debt.

We are not asserting that some of the debt was not improvidently contracted; that people may not have used the proceeds of loans extravagantly, or that in many instances, from causes outside the question of the standard, it is not a hard struggle to pay debts. But the fact is, nevertheless, that the great mass of debt over which such an outcry is raised, was the means of the immense expansion of the nation's prosperity. Debt that is contracted to carry on the ravages of war stands for the destruction of wealth; debt contracted to carry on the operations of industry and commerce means the creation of wealth. The operation of the 20 years from 1870 to 1890 was to decrease the debt that represented the destruction of property and to increase that which has been used for the creation of new and vast elements of production in agriculture, commerce and industry.

Having thus shown that the increase of debt in this country does not indicate depression or inability to keep "the teeming millions at work," to quote from a controversialist, but exactly the opposite, we will give a paragraph or two to the evidence of general growth of prosperity apart from that topic. We referred the other day to the multiplication of the production of iron by millions where there were previously hundreds of thousands of tons; of steel by an even greater factor; the five times greater value of manufactured products; the enlargement of agricultural values by nearly 90 per cent; and other evidences of the same character.

There are many more statistics which might be cited showing the gain of wealth, but we shall be content for this article with just one important one. The census shows the wealth of the nation per capita to have been $780 in 1870 and $1,036 in 1890, which is well enough for a national average. But it also shows the following changes to have taken place in that period in the States which make the loudest complaints concerning the gold standard:

Wealth Per Capita.

	1870.	1890.
The Dakotas	$395	$1,568
Nebraska	563	1,205
Kansas	518	1,261
Iowa	601	1,196
Minnesota	666	1,087
Montana	737	3,427
Wyoming	770	2,797
Colorado	508	2,780
Washington	566	2,177
Oregon	567	1,882
Idaho	437	2,464
Nevada	733	3,941
Utah	186	1,681
Arizona	356	3,168
New Mexico	341	1,507

This shows that these States and Territories in every case obtained an increase of wealth in proportion to population much above the average increase. In addition to that, while every one of them started with less per capita wealth than the average, they ended with much more than the average, in some cases over three times as much.

We add the following statement concerning the exportation of the two leading agricultural staples, stated in millions of dollars:

	Breadstuffs.	Provis.
1870	70.5	31.3
1871	77.6	39.3
1872	82.0	53.2
1873	96.0	82.0
1874	156.9	82.4
1890	154.9	136.2
1891	128.1	139.0
1892	299.3	140.3
1893	200.3	138.4
1894	166.7	145.2

On the logic of post hoc, propter hoc, to which our free silver friends are prone, the jump in exports of breadstuffs following 1873 might be urged as a proof of the benefits of the act. The real showing of the figures is that the increase of the exports of these two agricultural staples, from a volume of about $100,000,000 in 1870 to $300,000,000 in the past five years, and over $400,000,000 in 1892, notwithstanding the decline in most of the export values, proves that decline to be, not a measure of adversity, but an index of prosperity.

These are a few of the statistical facts showing that the second claim of the cheap money men, that the alleged appreciation of the gold standard has palsied industry and kept the millions standing idle, is simply the product of morbid and unregulated imaginations.

* * *

IX.—Good Times and Falling Prices.

In our silver symposium to-day an evident believer in cheap money asks two questions which recall the famous conundrum of Charles II. His poser to the men of science, why, if a vessel is filled entirely full of water and a fish put into it, the water will not overflow, caused a great deal of dissension until some practical person suggested that the water might overflow. Our correspondent's inquiries are a good deal in that category.

Taking his second question first, let us inquire whether it is true that the gold countries have no attraction for people who wish to better themselves. The gold countries are, England, France, Germany, Austria, Turkey, Egypt, the United States, Canada, Australia and South Africa. The silver countries are Spain, Mexico, Central America South America, India, China and Japan. Russia has been nominally silver, but really irredeemable paper, and is now preparing to redeem in gold. Italy has been gold, but has fallen into irredeemable paper. We have no hesitation in saying that the list of gold countries present more attractions for labor and enterprise than the list of silver countries.

The second question we will consider at more length, because it involves some of the pivotal principles at stake in the silver issue. First as to the question of fact whether the best times this country ever had were between 1865 and 1872. If our correspondent will ask any man from the Southern States, excepting Maryland, West Virginia, Ken-

tucky and Missouri, whose business experience extends over that period, to name the time of the most hopeless prostration that could be imagined, he will name exactly those years. For the North, however, it was a very prosperous time. In actual amount of production, or production per capita, or in the universal employment of labor, or in wages paid, it did not equal the years from 1879 to 1883, or from 1888 to 1892. But in the ratio of increase of wealth it was probably higher than any other period within the memory of this generation. It is worth while to inquire what was the cause of that prosperity.

We may get a great deal of light on that point if we first show what was not the cause. It was not the cause that our correspondent supposes, because the facts of that period flatly contradict the cheap money theory. That theory is that increase in the volume of legal tender money and a depreciation in its purchasing power make prosperity, while a contraction in the legal tender circulation and a rise in its value make it impossible to produce wealth. Now, the fact is that this period which our correspondent says was the best the country ever had, was, more than any other period in the history of the country, one of retirement of legal tenders, and of advance in the purchasing power of the dollar. We have been recently criticised by our fiat money friends because we do not admit that the legal tender issue was retired during that period, and in the first two or three years of it, from over $1,600,000,000 to $350,000,000. The fact is enough for us that it was retired from a total of about $650,000,000 to $350,000,000. The purchasing power of our legal tender dollar at the beginning of 1865 was about 50 cents in gold. At the close of 1871 it was 91 cents. It was also a period of falling prices. So that every contention of the cheap money school is flatly belied by the fact that this was a period when the people prospered, material wealth increased, and the country expanded and grew great in industry.

We are not contending that these results were wholly due to the retirement of legal tenders, or the appreciation of the dollar. We are making it plain that there are other causes, some of them entirely independent of the monetary question, some of them inextricably mingled with it. For the first class, the energies of the people had just before been engaged in the tasks of war and stimulated and quickened by that mighty effort they turned to the tasks of peace. Before them were immense and virgin resources that seemed to be illimitable. Almost any field was so rich as to yield ample rewards to industry. Then, too, the standard of living was not so high as since. Many of the luxuries that now increase the cost of life were then unknown and what was earned beyond the cost of living went into new production.

But beyond question one of the vast influences that permitted that great leap into agricultural and industrial production was the restoration of confidence. The credit of the nation was restored and private credit gained with it. Here may be seen the reason of the difference between the industrial condition of the North and South. The credit of the South lay prostrate during these years. The credit of the North was restored by the outcome of the war. Before 1865 the majority of all Europe and a portion of this country doubted whether the United States could survive and pay its debts. Consequently, credit was lacking and the confidence which allows enterprise to expand into new fields was absent. With the end of the war in 1865, credit and confidence came back in a flood, and prosperity blossomed as never before. Here, too, it is shown how the monetary question is concerned with prosperity in the fact that one of the strongest influences in restoring credit was the vigorous way in which the United States went to work to reduce its debt, and appreciate its circulating

money toward the stable coin basis. In that connection, also, our correspondent may see the ground for a fear that a change in the standard which will injure the credit may produce a panic. The lesson of the period thus cited, that legal tender circulation may be reduced and the value of the dollar advanced, and still restored credit will cause the greatest prosperity, ought to be a convincing one.

The facts are instructive in relation to the subject which we have been discussing during several articles past, presented by the claim of the free silver advocates, that declining prices are a mark of prostration and ruin, and are caused solely by an advance in the purchasing power of money. In the period to which our correspondent refers, the circulating medium of the country appreciated about 80 per cent, but prices did not decline in more than half that ratio; and it is declared to be "the best times this country ever had." The universal misconception of the cheap money school on this point is illustrated by the address of the free silver seceders from the Republican convention, last week. That document enlarges on the calamity of falling prices and the duty of legislation to raise prices. That makes it pertinent to add something to what we have already presented on the subject.

Suppose, to take the subject entirely apart from the question of money metals, that Congress should pass a law, that every dollar bill should be accepted as two dollars; every five-dollar bill, ten dollars; every ten-dollar bill, twenty dollars, and so on; but, in order to confine the question to the relation of the standard to prosperity, that no debts contracted prior to the enactment should be affected thereby. What would be the result? Everything would be worth twice as much, nominally, because all prices would rise in proportion; but the same dollar bill would buy the same merchandise when it was called two dollars, as when it was called one. Actual values and prosperity would not be changed in the slightest degree. The same absence of any real result would be apparent if Congress should enact that the dollar be called only 50 cents. But if Congress should make its legislation include that when the one dollar bill is called two dollars, it shall pay two dollars of debt, then the legislation would have a material effect. It would not create any prosperity. Not an atom of material wealth would be added to the world; but in the division of that wealth half the claim of the creditor would be taken away and given to the debtor.

This shows how exclusively the whole proposition of legislation on the money standard affecting prices, refers to the question of debt. We shall in the future go thoroughly into that aspect; but as regards the allegation that falling prices are a measure of oppression and ruin there are some very pertinent points to consider. Apart from the question of the standard, the fall of prices may be classed as due to two general causes.

First, the reduction of prices by business panic, causing a restriction of demand Such a fall is a mark of adversity at the time it takes place. It brings its own remedy in the fact that when prices fall below the cost of production the supply is cut off and prices are restored. Legislation is utterly powerless to prevent or remedy such a decline except by maintaining credit.

Second, the reduction of prices due to improved methods of production, closer competition, reduction in the cost of transportation and inventions that enable the same labor to double or quadruple the quantity of production. Such a fall of prices is the mark of human progress, the record of the advance of civilization.

We have had during the past three years, some experience of the decline of prices from the first cause, as well as the restoring influences which come into action as soon as confidence is restored. But in declaring that legislation should turn back the general

course of industrial improvement that has produced the cheapening of products, the advocates of free silver at St. Louis commit themselves to a proposition that, if it did not demonstrate their monumental ignorance, would be a monumental crime against industry. If legislation could restore, in the United States, the prices of 1870, it would be a destruction of industry and commerce and a calamity unequaled in the history of this nation.

We have heretofore given some statistics on the influences that reduce the cost of the great staples, both to show that while the decline has been going on, the result has been unexampled increase in production, and to show that such a reduction of prices cannot be attributed to an appreciation of the money standard. There is further remarkable illustration of the way in which industrial improvement affects prices and prosperity to be found in the manufacturing returns of the eleventh census. We have already pointed out that from 1870 to 1890 the number of employes in manufacturing industries increased 130 per cent. The amount paid in wages increased still more, so that the average wages per capita advanced 60 per cent. By making a further comparison with the total product of labor in those industries, we can see how the advance in wages was made possible:

	1870.	1890.	Inc. Pr. Cent.
Wages per employe...	$ 306	$ 484	60
Total product.....	1,355	2,058	52
Value material.....	678	1,167	72
Net product.....	677	891	32
Margin	371	407	9.8

Here we see the fact that the improvements increased the productive capacity of each employe more than half on the whole value of product and about one-third on the value of product after deducting the cost of material, which, by reason of the greater output, was increased 72 per cent. To put it in another way each employe produced $703 more in value of product. Of that increase $489 was taken in the increased amount of material used. But $214 was divided by giving the employe $178 more wages per year and the employer $36 more for the net return from each employe. The percentage of increase to the employer is the smallest item, but is offset by the increase in the total operations. The margin in value of product over wages and cost of materials in the two years is shown as follows:

	1870.	1890.
Wages ....$	775,584,343	$2,283,216,529
Material ..	2,488,427,242	5,162,044,076
Product ...	4,232,325,442	9,372,437,283
Margin ...	968,313,957	1,927,176,678

The last item is, of course, not absolute profit, as it must cover depreciation and repairs, interest on investment and expenses. But it shows that while the percentage of increase to the employer from the net product of each employe was the apparently small one of 10 per cent, the absolute increase in the margin to all employers was that from nine hundred to nineteen hundred millions.

Yet this does not show the whole gain. It shows that the product of each employe stated in value was very much enlarged by improved methods, notwithstanding the decline in prices. The great gain in quantity produced by reason of the improvements, is not given in the tables covering all manufactures. But an illustration of the operation is shown in the returns from the chief textile and metal industries, covering one-eighth the workmen and one-ninth the total products in value. The following shows the percentage of increase in the results of each employe's labor in quantity and in value of product from 1870 to 1890:

	Quantity.	Value.
Cotton goods.....	73	25
Woolen goods.....	34	13
Iron and steel rolling mills	84	43
Blast furnaces.....	283	110

This shows the greatest and best results of the improvements that have

reduced prices. With their use the average employe produced a greater quantity, ranging from one-third more in woolen industries up to nearly three times as much in pig iron. But of that increase, only a part was kept for the return to the industry. The whole output could not have been sold except by reduced prices. So the increase in value received and distributed among employers and employed, as we have just seen, is only a little more than one-third the increase in quantity of production in the textile fabrics, and a little more in iron and steel. While the operation of the influence has been a great gain, as shown above, to employers and employed, it is even a greater gain to the public, in cheapened products.

This is the statistical story of the operation that constitutes the progress of civilization. Invention enables the workman to produce twice as many tons of steel, or yards of cloth, as he has been doing. In order to sell the additional product two-thirds of the increase was given to the public in reduced prices; the other third gave an increase in wages to the workman, and in profits to the employer. Still further, the reduced prices produced an expansion of demand that caused the employment of more workmen, and additional capital. If prices had not been reduced the growth of industry could not have taken place, and the vast benefits of the improvements would have been lost.

The result of this process is summed up in the following statistics of annual production for 1870 and 1890, or covering practically the same period that is alleged to have been one of universal depression and inability to produce:

	1870.	1890.
Pig iron, tons	1,665,179	9,202,703
Steel, tons...	68,750	4,277,071
No. manufacturing establishm'ts	252,448	355,410
No. hands employed ..	2,053,996	4,711,832
Av. annual wages per hand.	$306	$484
No. farms...	2,659,985	4,564,641
Imp. acres...	188,921,099	357,616,755
Cereal production, bu.	1,387,299,153	3,518,816,904
Cotton, lbs...	1,307,000,000	3,564,000,000
Value agricultural implements and machinery	$ 336,878,429	494,247,467
All kinds live stock, head	85,000,000	160,000,000
Value farm lands	$7,410,000,000	13,279,000,000
Total value property	$24,053,000,000	65,073,000,000

In the light of such facts what are we to say of men who assert that the reduction of prices that marks this process of improvement must be reversed by legislation, and who insist that these achievements of scientific industry are an evidence of the oppressive appreciation of gold?

* * *

X.—Inventions and Arguments.

In closing up the discussion of the relation of the decline in general prices to the purchasing power of gold, a little notice should be given to a claim, not made by any of our contributors, but by a more famous bimetallist, who, it is pertinent to say, does not support free coinage by the United States alone. That is the assertion that, although the chief factor of the reduction of prices is furnished by the improvements and inventions that enable two or three times as much of certain products as formerly to be produced and marketed, with the same amount of labor, nevertheless that reduction is properly to be taken as a part of the increased purchasing power of gold, because gold will purchase more of all the products.

This may be correct if we consider gold solely in relation to other products. But if we consider gold in relation to the amount of labor required to earn a given sum, it is wholly incorrect. To

clear the question of prejudice, let us take two or three products solely in relation to each, say pork, iron and cotton goods. Postulate that the three have been produced at certain rates so that a dollar will buy a given quantity of each. Suppose further that inventions permit the same amount of labor to produce twice as much iron or cotton goods as before, while the same amount of labor will produce the same quantity of pork. The result will be that pork will buy twice as much iron or cotton goods. It has appreciated 100 per cent in relation to iron and calicoes. But in relation to the amount of labor required to produce pork there has been no change. This is true whether the labor is exerted directly in producing pork or in producing iron or cotton goods to exchange for it.

The same rule applies to gold. The indictment of the silver men is that the amount of labor required to get a thousand dollars to pay debts is greater. The farmer, they say, has to produce two thousand bushels of wheat to get a thousand dollars, where he could formerly get the same sum by producing 1,000 bushels of wheat. But if the farmer by improved inventions can produce the two thousand bushels of wheat with the same labor as it took previously to produce the one thousand, the amount of his labor required to pay $1,000 of debt has not increased at all.

With the purpose of making each step in the discussion clear beyond dispute, we have now gone over the silver claim that the standard should be reduced, because demonetization in 1873 advanced it; that gold has from that reason appreciated 100 per cent; that thus debts have been doubled; that prices have been reduced one-half; and that the measure of this oppression has been that debt has eaten up production, and universal distress existed. In answer to this claim we have shown:

First—That the great mass of reduction of prices has been due to improvements in the methods of production, typified in the statement that the same labor can produce twice the product, giving two-thirds of the increase to the public in reduced prices, while both employer and employed get a greater return from the operation. Such reductions in price are an index of industrial progress.

Second—That in staples where such improvements have not been the ruling industrial factors, the decline in prices has not been marked.

Third—That the result of the industrial conditions during the period from 1873 to 1893 was not adversity or distress, but one of remarkable expansion in wealth and production, the increase in wealth from 1870 to 1890 having been 170 per cent in the aggregate, while the increase in wealth and production per capita was very positive.

Fourth—That, so far from the country being eaten up with debt, debt has not increased as much as the wealth of the country, and that where debts have been largely increased they furnished the means for this industrial expansion.

Fifth—That, taking all these factors into consideration, and comparing them with the tables of the best authorities, they indicate that, while silver has depreciated far more than the average of prices, the alleged advance of 100 per cent in the purchasing power of gold, up to 1892, does not much, if any, exceed 10 per cent.

The statistics on which most of these comparisons are based were taken from the census reports of 1870 and 1890, simply because they were the official figures obtainable. In some cases we have carried the comparison up to the more recent years. The evidences we have cited, of prosperity up to 1890, which continued through 1892, are not intended to avoid the fact that we had adversity since then. Nor do they conceal that prices have declined severely in the last two or three years. But they do show that if 20 years of demonetization permitted the country to increase in wealth and multiply its

products as it has done, while three years of injured credit has wrought the evil, the cause alleged by the silver advocates is not the true reason of present hardships.

It is not intended, either, in affirming the expansion of material wealth from 1873 to 1893, to declare that the distribution of that wealth has been as equitable as it should be. The Dispatch has often pointed out and opposed the influences which concentrate undue wealth in the hands of trust manipulators, and favorites of the great combinations. But that these evils are not caused by the gold standard is proved by the facts already cited.

The summary from these facts is worth remembering:

1.—Demonetization did not ruin prosperity, but the period of stable currency and assured credit immensely increased it.

2.—Gold has not reduced prices more than ten per cent, but improved machinery, transportation and new fields of production have reduced them much more.

3.—The reduction of prices from the latter causes has been a great benefit, symbolized by the increase of industrial wages 60 per cent.

4.—The injury to production by three years of legislative meddling with business, and disturbed confidence, has been greater than any injury that can be discovered in 20 years of alleged demonetization.

We will make the conclusion final with one more statistical fact. The average annual production of gold during the 23 years since 1873 has been reduced only about 8 per cent from that for the 23 years previous, and for the past four years has been much greater. The production of silver since 1873 has been increased nearly three times that before 1873 in annual average, and the product of the years 1891 to 1893 was four to five times greater. With these facts we regard it as definitely settled that the disparity between silver and gold is mainly due to the decline in silver, and not to the advance in gold.

X.—Inventions and Arguments.

The contributions of our free silver friends to-day indicate a desire to resume discussion on some points already gone over.

We take up with pleasure the contribution signed "Bimetallist," because that writer has, at least, the ability to pursue a consecutive train of ideas. He selects for his theme this time the question of prices as bearing on the alleged advance on gold, and develops at length an argument which, if he had fully grasped the meaning of our previous articles on the subject, he would have seen to be fully answered. But as the meaning of the statistical exhibits cited on this point may not have been as clear as they should have been, we are glad of the opportunity afforded by his communication to go over them again.

Our contributor commences his argument to prove that where an invention enables the same labor to double or quadruple the product of any staple the price should not decline, by requesting The Dispatch to make a direct answer to the following questions:

Are the holders of money or moneyed obligations entitled to the increase of production, or are the producers entitled to it?

To which we answer:

The holders of money or moneyed obligations are not entitled to it and have never got it. By the laws of nature, which legislation cannot change, both producers and consumers are entitled to it, because the producers cannot get the advantage of the increase without giving the consumers a share of the benefit.

"Bimetallist's" extended argument on the illustration from wheat and steel rails is a case of arguing in a circle. He first alleges that the fall of wheat and steel rails indicates an advance in gold, because it takes more bushels of wheat or more tons of steel rails to pay the interest or principal of $10,000. Then he proceeds to argue with great

care that the effect of invention cannot be justly credited with the fall of prices in these staples, because it takes more bushels of wheat or more tons of steel rails to pay the interest or principal of $10,000. All this is entirely punctured by a single statement of fact, the demonstration of which has already been made, and which we propose to repeat.

It took in 1890 no greater total of human labor and effort to produce enough of either wheat or steel rails to buy a thousand dollars' worth of gold, than it did in 1873.

It happens that one of the staples which our correspondent cites is a leading part of very exact and authoritative statistics. The report of the census on selected industries does not give the figures necessary to show the operation of the influences of improved processes on steel rails by themselves; but the figures on all kinds of rolled iron and steel do give them. We adduced some figures from that authority, giving the comparison between 1870 and 1890. Since our correspondent takes the period from 1880 to 1890, we adopt that comparison, with all the more readiness that it affords a very clear illustration of the principle. The steel rail industry by itself would probably exhibit the operation more clearly.

The following comparison of the average earnings, productive power in quantity and productive power in value, with margin to the employer, for each employe in the iron and steel mills, is taken from the United States Census report on selected industries:

	1880.	1890.
No. of employes	96,164	140,537
Av. annual wages per employe	$436	$566
Tons produced, per employe	36	59
Value product, per employe	$2,117	$2,370
Value materials, per employe	$1,355	$1,545
Net value product, per employe	762	825
Margin to employer, per employe	326	259

There, if it is properly understood, is a very clear illustration of the working of improvements which cheapen production, and their value to all classes. By the adoption of such improvements, the average productive power of each employe in the iron and steel mills of the United States, was increased in quantity just about two-thirds in a single decade. If that gain had been confined strictly to the producers they could have sold no more products than they did in 1879. But by the operation which has made these inventions the factors of the age's growth, a large share of this gain was given to the consumers in reduced prices. While the quantity handled was about 64 per cent greater, the net money product of each employe's labor, or the value of the product less the cost of material was only raised about 8 per cent. Yet that increase was enough to secure the greatest benefits to the community. By the cheapening of the staple it enabled 140,000 men to be employed where only 96,000 previously found work. And of the 140,000 everyone averaged $130 increase of wages, or just about 30 per cent more than the average of the 96,000 in 1880. Neither the increased sale per employe nor the expansion of the entire industry could have been secured except by the reduction in prices.

To put it in another way: If the increased product by improved processes could have been sold at the prices of 1879, the increase in gross value of product would have been $1,352 per employe. But consumption would not take the increase at the old prices. By the law of trade, therefore, under which competition secures the reduction of prices and thereby enlarges the consumption so that over 8,000,000 tons could be sold where before but 3,400,000 were marketed, all but $253 of this gain per employe was given to the consumer. But the increase of the industry was so marked that the wages of the laborer were advanced $130. Beyond that, while the quantity of material used had increased about two-

thirds, the similar operation going on in the pig iron industry reduced the increase in the value of material to $190 per employe, or about 13 per cent. The reduction in the cost of material permitted the increased consumption in this industry and therefore a corresponding increase of wages and expansion of output, in the pig iron trade.

This brings us to another very interesting and pertinent point, especially in connection with our correspondent's assertions. The increase in the wages and cost of material used per employe has been shown to be $320, while the increase in money return per employe was but $253. This makes the margin for the employer on each employe's wages actually less, being $259 in 1890, to $326 in 1880. At first sight this looks as if the employer was getting the worst of it. But when we take into account that the number of employes was much greater, and figure up the margin on the total operations, we find that it was $31,290,000 in 1880, and $36,298,000 in 1890. The ratio of this net return to capital invested was very much less in 1890 than in 1880. Yet $162,000,000 of additional capital went into the industry in the decade. The owners of this $162,000,000 had the choice whether to put it into industry or interest-bearing securities, and they chose the former. Did the keen men whose knowledge of practical finance is equal to that of any other class, put $162,000,000 into an industry when they could have appropriated the whole increase by putting their capital into money or moneyed obligations? That capital went into the industry because it could get greater returns there than in the low rates of interest on notes. While the margin of profit has decreased, we can assure our correspondent that, if muddling our finances does not break up the country, neither Mr. Carnegie, Mr. Frick, Mr. Johnson nor any of the other great manufacturers whose wealth has been made under this alleged system of giving their profits to the holder of money, will become slaves to the oppressive money-lender.

The same proof appears with even greater clearness in the returns for the capital of all manufacturing industries. This same contributor to the free silver argument asserts that "in this country it pays better to withdraw the money from productive industries and place it in bonds, mortgages or other moneyed obligations; in silver countries it pays better to withdraw money from moneyed obligations and place it in productive industries." This is a singular assertion, as a question of fact, and still more unique as an economic theory. How can money be put into any interest-bearing form if it is not used in productive industries? The investor who buys bonds, lends on mortgages or discounts commercial paper, puts the money into productive industries. The only way that he can withdraw it from productive industry is to lock it up in a safe and get no income from it. If the silver countries are not using bonds, mortgages or other moneyed obligations as freely as the United States, it is because their productive machinery is not so highly organized.

Now, both as to this remarkable assertion, and as to the other already discussed, that the holders of moneyed obligations appropriate the increase of industries, there is a very exact test in the fact that in 1870 there was $1,694,567,015 capital in manufacturing industries; in 1890 there was $6,139,897,785. There was about $4,500,000,000 of new capital put into manufacturing in the two decades; $1,100,000,000 from 1870 to 1880, and $3,600,000,000 between 1880 and 1890. The men who put in that new capital were among the best informed business men in the country. They had the option whether to put the $4,500,000,000 into bonds and mortgages or into manufacturing plants, and they showed which yielded the best return by putting it into manufacturing plants.

The same thing is true of wheat, with the addition that while the same labor

will produce more wheat than formerly, it is further depressed by the competition of other countries. No change in our monetary standard will prevent India, Egypt, Russia and Argentina from competing with us in the European markets.

We do not think that an intelligent man like our contributor would commit himself to the proposition that inventions and improvements must not cheapen prices, if he understood exactly what such a proposition meant. The work of inventions and improvements in cheapening prices constitutes the progress of the last century. Except for that cheapening, all the growth that the age of steam and iron has produced would have been unknown. The cheapening of production, the cheapening of transportation and the consequent ability to employ and sustain many times more people are exactly the results of that principle which this writer thinks is a sign of a dishonest monetary system. The fact is, that the only relation of the monetary system to that vast operation of advanced civilization is that credit and confidence permit it to be carried on with profit. But if it were possible for silver stupidity to undo the cheapening and increase of production by inventions—which fortunately it is not—and to turn us back to the conditions of 1870 or 1850, it would be the industrial crime of the age to do it.

* * *

XI.—Free Coinage Delusions.

The criticisms of a considerable number of free silver disputants on the points established by the arguments during the preceding discussion, call for some attention. Among them we take up the complaint of Mr. K———, that while the material wealth is the true measure of prosperity, the country needs the "tools" with which to prosecute productive enterprises. Mr. K——— alleges that "the tools" consist of money. We think they are credit; but he comes near enough to the truth to have the fact recognized. Moreover, the following statement shows that the nation did have the money, and has got it now. It gives the money of the United States in various years, with the proportion per capita:

	Total of Circulation.	Per Capita.
1860	$ 442,102,477	$13.85
1865	745,129,755	20.57
1878	766,253,576	15.32
1883	1,643,489,816	22.91
1890	2,144,226,159	22.82
1894	2,240,647,833	23.99

These figures should be taken subject to the understanding that the total of circulation gives the amounts both in the Treasury and outside of it, making a duplication of the coinage and certificates issued on it. But the circulation per capita is the amount outside the Treasury and contains no such duplication. The circulation outside of the Treasury in 1873 was $751,881,809, or $18.04 per capita; in 1895 it was $1,601,968, 473, or $22.97 per capita. This does not indicate the absolute lack of tools, that our free silver friend alleges.

Mr. J. H. S———brings up the same point in his argument to rescue his friends from the charge of having shifted from their original position, which is a contribution to the farce-comedy style of argument. Mr. S———asserts that every addition to the circulation, whether silver, gold, or national bank notes, "cheapens the value of all." Mr. S——— attempts to put The Dispatch in an inconsistent attitude as opposing the cheapening of the dollar while supporting the policy which, according to his axiom, has cheapened it. We decline to be put anywhere by any axioms of Mr. S———'s manufacture. But a man may be fairly supposed to be bound by his own axioms; and let us see where his axiom lands Mr. S———. He asserts this principle as bearing on the solitary action of the United States. The fact is, as just shown, that the United States has since 1873, largely added to its circulation. According to Mr. S———'s axiom, he

should be overflowing with approval and enthusiasm for the cheapening of the gold basis that has gone on. Yet, neither he nor his friends appear to be satisfied. Moreover, the axiom produces a more remarkable result when we submit it to the test of world-wide statistics. The world's coinage of gold and silver for 20 years since the alleged crime of 1873, is as follows:

Year.	Gold.	Silver.
1873	$ 257,630,802	$ 131,544,464
1874	135,778,387	102,931,232
1875	205,340,209	123,143,842
1876	213,119,278	126,577,164
1877	173,675,555	78,402,648
1878	188,388,611	161,191,913
1879	90,752,811	104,888,313
1880	149,725,081	84,611,974
1881	147,015,275	108,010,086
1882	99,697,170	110,785,934
1883	104,845,114	109,306,705
1884	99,432,795	95,832,084
1885	95,757,582	126,764,574
1886	94,642,070	124,854,101
1887	124,992,465	163,411,397
1888	134,828,853	134,922,344
1889	168,901,519	139,242,595
1890	149,095,865	151,032,820
1891	119,310,014	135,508,083
1892	34,787,223	12,641,078
Total	$2,787,716,679	$2,325,603,221
Est, stock 1892	3,711,845,000	3,939,578,000

The statistics in our possession on this point end in 1892, so that the showing is for an even 20 years. Some allowance should be made for recoinage of gold, which might reduce the addition to the stock of gold coin to below $2,500,000,000.

According to this axiom, this enormous increase of the world's stock of money must have cheapened the gold standard amazingly. If his axiom is true the debtor has prospered by the reduction, and the whole course of events has been a gigantic satisfaction to those who wish the standard lowered. Yet somehow the conclamations of Mr. S——— and his associates, on the fact that the debtor has been oppressed by an alleged enormous appreciation in the gold standard do not indicate an implicit faith in the controlling and eternal verity of the axiom.

A word is necessary with regard to the claim of "Bimetallist," that bonds can only be retired under the silver regime. He asserts that if the old system is kept up the debt must be maintained. This is said in apparent ignorance of the fact that under the system which he says necessitates the bonds, more than a thousand millions of bonds have been retired. It is true that $262,000,000 of new bonds have been issued, under circumstances which make it past dispute that the decrease or increase of the bonded debt depends solely on whether the expenditures of the Government are within or in excess of the revenues.

The assertion of our friend, "A Republican," of Alliance, that the farmers think gold means contraction and harder times is an evidence of the need of full and free discussion. If the farmers should learn from the discussion that the gold basis from 1879 to 1892 did not produce contraction, and that free coinage would produce contraction and loss of credit, their opinion and vote on the subject might be a little more judicious than it is alleged to be by our correspondent.

To satisfy the demand of Mr. N——— that we shall discuss what is the best material for a circulating medium, we must first distinguish between the circulating medium and the basis for it. The best medium, except for small change, is a paper currency readily convertible into coin. The question of what is the best coin as a basis for that circulation, and as a standard of values is what we understand our correspondent to raise, and what is at issue in this country to-day. The qualities which are necessary in material for coinage are, first, as little fluctuation in values as possible, and therefore even and gradual changes in production and demand; second, ability to resist destruction by corrosion and friction;

third, the common acceptance by the commercial world of its value; fourth, malleability, in order that the material may be coined; fifth, the compression of these values within small space and weights, so that payments may be made without undue cost.

It is the experience and common consent of the world that gold and silver combine these qualities to a greater degree than any other substances known to mankind. Therefore, gold and silver have long been accepted as the two money metals. As between the two, gold is somewhat superior in its resistance to corrosion, and rather more so in the universal acceptability wherever commerce extends. But in the last and most important respect, the value of a given weight or bulk, gold is the superior in the ratio of 30 to 1, as fixed by the world's markets to-day. If it costs one-half of 1 per cent of the value of $10,000 in gold to transport it to a distant country to purchase merchandise, it would cost 30 times as much, or 15 per cent, to transport the equivalent value of silver there, and that difference might be prohibitory in commerce.

Mr. G. W———'s desire to know what difference it makes to the creditor whether he has to take silver dollars "under bimetallism by the United States alone, or bimetallism by a number of nations," deserves satisfaction. Interposing the remark that free coinage by the United States alone will not be bimetallism, but silver monometallism, the answer is that an agreement by the leading commercial nations can establish the silver dollar on a basis of value approximating that of gold. Therefore under international bimetallism the creditor who took a silver dollar would get one that was worth nearly, if not quite, as much as the gold dollar. The subject is touched by the communication signed "W," in yesterday's Dispatch, which asks proof that either international or national legislation can maintain the ratio so that it will not vary. Legislation cannot do so; but the action of a full international demand can minimize the fluctuations. This has already been pointed out with regard to the fluctuations of gold and silver in the '50's and '60's. For the present it is enough to say that while for the reason above stated international bimetallism is preferable to monometallism, either of gold or silver, the scientific solution will be in the line suggested by Mr. Anson Phelps Stokes, of a standard composed of the joint value of the two metals, which will therefore follow, not the fluctuations of the cheaper metal as under the old bimetallism, but the mean of the fluctuations of both metals.

Mr. W———'s further inquiry, whether we have any "dishonest dollars," is erecting a figure of speech into rather excessive prominence. A piece of metal or paper cannot, in strict language, have moral qualities. The phrase, of course, refers to the policy back of the dollar. As long as the United States secures that the holder of every dollar can obtain its full value, we have no "dishonest dollars."

Mr. J———'s illustration of an impartial judgment in the fact that nothing which militates against his views has any force, in his opinion, is interesting. The Dispatch cited the statistics of coinage to show that since 1873 the United States had coined an immense amount of silver, and that before 1873 it coined practically no silver at all, except fractional coins. This Mr. J——— says has "no force" in showing that the talk about striking down half the stock of money by the crime of 1873 is an immense humbug, because the silver, owing to the lower ratio in European countries, went abroad and "assisted in keeping down the price of gold." How this disproves the showing of the statistics that the United States did not, prior to 1873, have half of its monetary system in silver, and therefore that the act of 1873 could not "strike down half our money," is likely to puzzle everyone except Mr. J———. This is followed

to Mr. J———'s argument that the ple believe the fabrication, that or may not be true. But we pro- that if any one of The Dispatch's iers believes it in the future, it d be because he is determined to ve it in the face of the clear evi- e to the contrary.

nother communication is elicited by reference the other day to the im- ation of foreign silver under free age. This correspondent is frank intelligent enought to recognize free coinage would bring our dol- down to the bullion value of silver, he then proceeds to develop an ginary theory that by descending 0-cent dollars, the producers of this ntry would be able to undersell ir competing producers in nations h 100-cent dollars. It is a remark- e illustration of the logic of the free ver cult that such an utterly base- s idea can be advanced seriously. e only way in which any such result ld be imagined would be by suppos- that the change in our currency uld so impose on workingmen and mers as to make them give as much their work for a 50-cent dollar as y do now for a 100-cent dollar. The a is moonshine. It is true that the preciation of the standard always in- ts a temporary injury on labor, be- ise wages are generally the last to are in the inflation of prices that fol- ws depreciation; but even that rob- y of wages would be temporary. As correspondent says, "We are not xico, nor China, nor Japan," and r workingmen could not for many ars be fooled by the device of a cheap llar to take away half their wages— hich is the remarkable recommenda- on for free coinage that is presented this contributor!

This theory of cheap production to secured by free coinage, the very sence and purpose of which is to ise prices, calls for one little illus- ation. During a period of 15 years e United States had a cheap dollar, nging in gold value from 35 to 90

cents, and for the greater part of the time standing about 60 or 70 cents. Did England, from 1862 to 1878, have to cheapen its standard to correspond, or close factories to escape the competition of our products? The fact is, as everyone knows, that England, having been on a gold basis since 1816, has, during that entire period, competed with silver-using countries and expanded her trade. It is also a singular fact that Germany has expanded her foreign trade most markedly since she demonetized silver and adopted the gold standard.

We next direct attention to the argument of "Silver," because it is a typical example of the free silver misstatements. We supposed that our discussion had carried the subject beyond the stage when the statement of that view was possible; but since it has come into the argument, it is worth while to take it up and discuss it. "Silver" starts with the assertion that the entire amount of gold produced in the United States annually is less than 40 millions. It really was 47 millions in 1895, and bids fair to be very much more this year; but that detail is not important, except as illustrating the usual looseness of the free silver statements. Thence "Silver" proceeds to argue that if wage-workers were paid in gold their wages must be less than 20 cents per day!

A very clear method of testing the validity of that logic is to turn it around on itself. The commercial value of the production of silver in the United States last year was $32,000,000, or two-thirds that of the production of gold. Hence, supposing "Silver's" deduction to be correct—or, rather, to illustrate its remarkable incorrectness—if the wage-workers were to be paid in silver, their wages could not be over 13 cents a day. The true answer to all such sophistry is contained in the facts. During the 20 years when the country was on the gold basis, which forms the subject at issue, the average daily wages of the industrial wage-workers of the United States, men, women and children, are shown by the United States census to have risen from 93 cents to $1.55 per day, in gold value. The same test of the actual facts knocks all the wind out of the succeeding argument of "Silver," that there is one kind of money for the producer and another for the bondholder. The laborer, or producer, is paid in money having the value of gold and exchangeable for it, and the money lender is paid in exactly the same kind of money. In nine cases out of ten the "money-dealing class," to use "Silver's" term, is paid by checks, while in equal proportion the wage-working class is paid by circulating notes of the United States. If either of them wish to convert the money paid them into gold they can do so, but the class that gets the circulating notes is one step nearer the gold, in the process of conversion, than the class that gets the checks. This condition in which the wage-worker gets a dollar that is just as good as gold, and is kept so by the legislation of the United States, is what the opponents of free coinage wish to maintain, and what the advocates of free coinage wish to change.

"Silver's" further assertion, that this country is compelled to pay over two hundred millions annually in gold to foreign bondholders, is also another illustration of very wild assertion. Someone has said so somewhere; therefore, all the free silver men echo it in chorus. The fact is that the sum stated by "Silver" as what the country has to send abroad in gold for a single purpose each year is far more than it has sent abroad for all purposes in the last three years. Its average annual exportation of gold for the three years ending June 30, 1895, was $37,263,000, or about one-sixth of his assertion. But, lest this may be confining the figures to something which "Silver" did not mean—although his statement is specifically that $200,000,000 in gold must be sent abroad annually—let us take the entire balance of merchandise and specie movements for those three years. The total balance of merchandise, gold and silver

exports in that period was $396,887,000, or $132,296,000 annually. Out of this we paid the expenses of American tourists abroad, estimated conservatively at $50,000,000 per year, the large item of foreign purchases which do not get into the Government reports, and which, though unknown, is a considerable amount, and finally, the very large amount of United States securities formerly held abroad, which have been sold by the foreign holders and returned to this country. Everyone who has kept up with the current of affairs knows that the last three or four years have been pre-eminently those in which our securities have been coming home. When all these factors are allowed for, it will be doubtful if the amount paid to foreign bondholders equaled the $37,000,000 of gold actually exported annually.

Since this point has been brought up, it is pertinent to interpose a little evidence on this stock bug-bear of the free silver school, the amount of debt or securities of the United States held abroad. In 1876, W. L. Fawcett, a silver advocate, who took care to found his arguments on at least a prima facie basis of fact, took the figures of Edward Young, of the Bureau of Statistics, showing a total amount of United States securities held abroad at $1,350,000,000, and by corrections increased the amount to $1,500,000,000. It is legitimate to apply exactly the same method of reasoning which he used, to the trade balances since 1876, and see what their effect is on the foreign holdings of our securities.

During the 19 years from 1877 to 1895 inclusive, the United States had the following net credit balances on its trade with all foreign countries:

Net exports of mdse.....	$2,156,000,000
Net exports of gold.....	22,000,000
Net exports of silver.....	256,000,000
Total	$2,434,000,000

In those 19 years, it is liberal to put the invisible balance of trade at $80,000,000 per year, or $1,520,000,000 for the 19 years. That would indicate that paying interest on foreign debt, expenses of tourists, allowing for goods smuggled into the country and freights on imports to foreign shipowners, consumed that amount of these credit balances, leaving $914,000,000, which could only be discharged by the return of investments held abroad, to this country. It is well-known that such a movement has been a leading feature of finance at different periods in those years, notably the past three years. It is, therefore, a statistical estimate that the holding of American securities has been reduced in the past 20 years to between 500 and 1,000 million dollars, and that the annual interest charge on that portion of it that is interest-bearing, is liberally estimated when it is put above $30,000,000.

The question which Mr. M——— propounds, why, in 1890, when it seemed as if a free coinage bill would pass, the price of silver rose from 94c to $1.20, has been asked before, perhaps by the same contributor; but as it did not bear on any vital point of the discussion, we did not deem it necessary to stir up that scandal of the silver agitation. Since Mr. M——— insists on it, however, we will say that while we have not at hand the daily quotations of silver for that year to compare with his figures, it is a well known fact that there was a temporary rise in silver, concurrently with the agitation prior to the passage of the act of 1890, followed by a corresponding slump. It is an equally well known fact that the rise was produced by the manipulations of a clique of speculators, who got control of the silver immediately attainable in the chief markets, and marked up the nominal price. This fact was brought to the public by the investigation into the connection of a Senatorial advocate of free silver with the silver clique, and his practical confession that he had been speculating in the price of an article that might be affected by his vote. It is also very well known that after the chief manipulators had realized their purpose, they sold out and let the

smaller fry pocket the losses, as is usual in such operations. Since Mr. M———'s imperative demand for an answer to this question implies a belief that the Government demand can raise the price of silver to par with gold, he might undertake to explain the fact that after the United States had started out in 1890 to buy all the silver produced in the United States, the price dropped from the level which he states, at $1.20, to an average of 72 cents, for 1893, up to July 1.

We think that no one will deny that The Dispatch has been liberal in answering the questions that have been submitted to it. It now proposes to claim something in return by propounding to the free silver advocates a question for their decision. They claim that an appreciation has taken place by reason of the act of 1873, of 100 per cent in the purchasing power of gold. The Dispatch concedes that there may have been 10 per cent appreciation, while the gold standard men deny that there has been any appreciation at all.

Now, whether the appreciation has been 100 per cent or 10 per cent, or any intermediate proportion, when did it take place? Did the alleged act of striking out half of the money of the world at once double the value of gold? Or has the stock of money been gradually discovering its depletion, so that the rise in gold has taken place gradually, a small percentage in each year? If the value of gold jumped all at once, when did it jump? If the rise has been spread over a great many years, when did the rise begin, and when did it end?

* * *

XII.—Wages and Farming.

A communication from one of our free silver disputants, bitterly criticises The Dispatch for taking the wages of the 4,712,000 employes in the manufacturing establishments of the United States as evidence that wages have increased. He criticises this course by saying that there are 22,735,000 people in various occupations in the country, and intimates that the earnings of the other 18,000,000 would show no such advance. This he especially enlarges on in the case of the farming population. The point is important enough to deserve some attention.

The wages of the industrial employes of the country were taken as an example because they are the single class in which there are complete and authoritative statistics, as to the actual payment, not of nominal wages, but of money paid to the workmen, in the years compared. The statement of some disputants that the increase from 1870 to 1890 does not take into consideration the time of idleness is a direct error. The showing is by taking the total amount actually paid in wages and dividing it by the gross number of employes, showing the average actual payment of wages per employe to have been $484 in 1879, against $306 in 1869.

While the number of workingmen covered by these statistics is less than a quarter of the population engaged in all occupations, it is about one-third of those who can be classified as wage-earners. No reasonable man will undertake to affirm that the wages of 4,712,000 workingmen in mills and factories could rise while the wages of workingmen outside those establishments were declining. It is a well-known fact that the wages of the 3,325,000 employes in trade and transportation, and of the 4,360,000 persons in domestic and personal service, have kept pace with the industrial wages. The wages of coal miners have not advanced as a general rule, although, if the gold value of miners' wages from 1870 to 1873 were compared with those of 1890 to 1892, they would be shown to be nearly the same. It is just, therefore, to take industrial wages as an index of the whole, and a complete disproof of the free silver assertion that during the 20 years of demonetization the producing classes were oppressed.

It should be understood, too, that these figures show the progress during the period from 1870 to 1890. These are the dates for which the census gives the statistics. It is well known that

the same conditions prevailed up to the close of 1892. After that there has been a marked change. With the era of meddling with the tariff, of disturbed confidence and the impending threat to disturb the currency, there has been prostration of industry and decline in wages, although it may be doubted whether they are yet down to the level of 1860. In this fact is the most complete disproof of the stock free silver argument. Twenty years of alleged demonetization brought prosperity and rising wages. Three years of disturbance and unsettled confidence have brought prostration and falling wages. Does anyone need more convincing proof that the policy which the Democratic candidate represents is the one which industry should suppress?

Especial mention is made of the condition of agriculture. This does, beyond question, afford some marked exceptions to the general rule of prosperity from 1873 to 1893. But when this industry is examined statistically it shows decided proof that the free silverite claim of oppression by the gold standard is absolutely without foundation It is well known that wages in the agricultural industry have not declined, as one of the chief and notorious troubles of the farmers is in the inability to procure good labor and the high wages that have to be paid.

It is true, however, that the great mass of the farmers furnish their own labor, and the results of their labor must be learned from the statistics of crops and prices. From these statistics, we learn the entire error of the necessary assertion that the depression in farming began in 1873. On the contrary, it was expanding, and reached its greatest prosperity many years after that date.

This is shown most clearly by taking the total values of crops and farm animals in 1873, together with the value per acre and per head, respectively, and comparing them with the year of greatest value for each. The following table states, first, the value of each staple product in millions, and the value per acre (or per head for farm animals) in 1873, and compares them with the year of greatest yield in value, as indicated in the last column:

ARTICLES	1873—Value		Year Greatest Return		
	Value crop, millions	Value per acre	Value crop, millions	Value per acre	Year
Corn	$391	$ 9 98	$ 836	$10 98	1891
Wheat	283	12 78	513	12 86	1891
Rye	10	8 79	19	10 80	1882
Oats	89	9 18	232	9 08	1891
Barley	26	18 51	37	12 57	1888
Buckwheat	5	12 29	7	8 96	1888
Horses	598	65 10	1007	97 15	1892
Milch cows	275	26 25	423	31 37	1884
Beef cattle	288	17 57	694	23 26	1885
Sheep	85	2 59	125	2 67	1893
Swine	117	3 59	295	6 42	1893

The yields of cotton and tobacco are not given for 1873 in the Statistical Abstract. The largest yields given for cotton are $309,000,000, in 1882, and $292,000,000, in 1888, the value of yield per acre being about 16 per cent less in 1888 than in 1882. Of tobacco, the largest yields in value given are $43,372,000 in 1881, and $43,666,000 in 1888, the acreage being one-sixth larger in the latter year.

In the above table it is made clear that of the great agricultural staples, constituting $2,167,000,000 of the farm products in 1873, the period of increase extended far past that year. In one case only, that of rye, was the period of greatest yield in value as early as 1882, while the greatest yields of corn, wheat and oats, in value, were in 1891. In only two cases was the value of the yield per acre materially diminished in the years when the total value was greatest, and these were the unimportant ones of barley and buckwheat. The total value of horses, sheep and swine increased, and the value per head increased also, up to 1892, and 1893. Cattle reached their maximum in 1884 and 1885, the value per head increasing also, until in that period the influences of the Western cattle ranges brought down the price. Sheep were worth more per head in 1893 than they were

in 1873, and the cause which has reduced their value since then is well known. These figures fully support the assertion that for 15 to 20 years after the alleged demonetization the condition of agriculture was prosperous and expanding, and that since then the increase of production, especially in leading staples, where large foreign fields have come into competition, has brought prices down, and made production on some of them unprofitable.

This fact appears very clearly in the prices of leading agricultural staples taken from the United States Statistical Abstract, in a previous article. In the following table we have taken the average prices for the three years 1871-4, as par, and compared them with the three years, 1890-2, and the succeeding three years, 1893-5. The figures quoted therefore show the percentage on each staple, of the average gold price at the period of the alleged demonetization:

	1890-2.	1893-5.
Wheat	73	49
Rye	80	70
Oats	100	78
Cotton	52	43
Ohio wools	58	45
Corn	104	87
Mess pork	83	105
Bacon and hams	93	108
Salt beef	81	81
Butter	83	97
Eggs	81	94
Horses	101	60
Mules	104	70
Milch cows	83	75
Sheep	100	81
Swine	122	121
Average	87	79

On these 16 leading agricultural staples, the average decline of the past three years is at a rate nearly four times as great per year as the decline for the preceding 18 years. But that fact is no more instructive than some others which appear. There are certain staples which have been subjected to well-known causes, entirely outside of the monetary question. The farmer, who is urged to relieve his position by voting for free silver, should ask these questions:

The price of oats, horses and mules was as great or greater after 18 years of demonetization, but then they dropped 30 to 40 per cent. Would free silver have prevented the development of the trolley and bicycle?

Sheep were worth as much in 1890-2 as in 1871-4. Will the Democratic free trade candidate restore the tariff on wool?

Wheat and cotton show the most ruinous decline. Would free silver have prevented the opening of 170,000,000 additional acres of improved land in this country, and of illimitable fields in Russia, Egypt, India and the Argentine Republic? And what difference will it make in the value of wheat and cotton to make a cheaper silver dollar when the price will be fixed by the same gold value in Liverpool?

Finally, when the staples affected by special and well-known causes are taken out, the average decline in the 11 remaining cases, was 6 per cent in 18 years and has since been 5 per cent in three years. Does not this show that the farmers need settled confidence and general consumption more than further legislative interference with business?

The farmer's position presents many problems, and some especial hardships. But if the facts are fairly understood, they show clearly that the monetary question has little to do with it, and that the free silver remedy is the most arrant quackery.

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XIII.—Standard and Interest.

In a communication which does not appear in our silver debate because the writer requests that it be withheld for the present, on account of an erroneous statement in connection with another matter than the one to which we refer, The Dispatch is asked whether the 10 or 15 per cent advance in gold, which The Dispatch concedes as having taken place since 1873, does not indicate that the system which works such a result is radically wrong. The inquiry is so

cogent to a point not yet taken up that we quote it as an introduction.

Any intentional or deliberate change in the standard is radically wrong. If the act, commonly described as that of 1873, had been for the purpose of raising the standard, as falsely charged, the description of it as a crime would be correct. If, in 1897, other changes should be made for the express and avowed purpose of lowering the standard, it would be equally a crime. The standard, whether of weights, or measures, or values, cannot be shifted without injustice. To add to or subtract from the pound weight or foot rule with the plain purpose of changing the amount to be measured is dishonest.

But monetary science has not yet discovered any way of guarding against fluctuations of the standard. No one can, therefore, be charged with the result of increase or decrease in the production of monetary metals any more than with the increase in the output of Bessemer steel. While we have shown that the assertion of a conspiracy against silver in 1873, to serve the money lords, is a stupid slander, we have at the same time expressed our opinion that the acts of the few European governments which started into it was an error. But with regard to that error, two points are very plainly shown in the history of the case, which has been gone over at length.

First—The United States, which it is proposed shall, all by itself, rectify that error, had no responsibility for it. It did not demonetize anything in 1873 that was in circulation. It has not struck silver down, because since 1873 it has done just 17 times as much per annum to keep silver in monetary use as it ever did before. And the fact that having done so the decline of silver has kept on, shows the utter emptiness of the idea that the United States can by itself adopt silver without the depreciation of its own money.

Second—The correction of the error which may thus be recognized as having been made, by the leadership of Germany, must be affected by international action. A large and powerful party in Germany is advocating such international action, and its leader, Dr. Otto Arendt, a month ago published a strong article showing the progress of the movement, and beseeching the United States not to obstruct it by going into silver monometallism under the premature action advocated by the free silver men.

Early in the discussion of the alleged advance in gold, The Dispatch said that even a 10 per cent advance would be a burden on productive industry if it were not offset by compensatory gains. We desire now to call attention to one of those compensatory gains.

What was the rate of interest in 1873? Government bonds then, as now, bore the lowest rate in the country, and in 1873 the Government could hardly sell a 5 per cent bond, the majority of its outstanding issues being 6 per cent. Commercial rates of interest were then 8 to 10 per cent. The city of Pittsburg sold millions of bonds in 1875 to 1877 at 7 per cent, and did not get any premium for them. Mortgage rates ranged from 7 to 9 per cent. How it is now?

The great monetary fact of the period which the silver men allege to have given the evil money lender all the products of industry has been a sweeping and universal decline in interest rates. The Government rate before Democratic muddling and Populist activity shook the high credit of the United States, was 2 per cent, $25,000,000 having been funded at that rate in 1891. The writer was a commercial borrower in 1873, and paid 9 to 12 per cent interest; he was a commercial borrower in 1893, and paid 6 per cent interest. The city of Pittsburg sold bonds at 7 per cent at the opening of this period, and sold its 4 per cent bonds at the close at a premium which made the rate about 3½ per cent. Money is seeking mortgages to-day at 4½ to 5 per cent, if the doubt as to the standard is removed, and so on through the entire list, showing a decline of from two-thirds the interest rate on Governments

to one-third on the more common class of mortgages.

This is not a mere happening. The reduction of interest is the result, first, of maintaining public credit by scrupulous measures, and, second, of making the standard as inviolable and unfluctuating as humanly possible. While the effect of improved prosperity, creating loanable capital, first-class public credit and a sound basis is the chief cause of this, it is also true that if there has been an appreciation in the standard it has acted as a cause of reduction in the interest rate corresponding to it. Interest is fixed by natural law as fully as anything else; and if we may suppose that—which ought not, and probably never will, take place—an appreciation in the standard should be arranged and clearly foreknown, equal to the annual payment of 6 per cent, 6 per cent securities would command money on terms which would practically equal the payment of no interest at all.

This may be pursuing the subject into a detail of analysis that is somewhat difficult of demonstration; but on the process that has taken place since 1873, there is no possible question. From 1878 to 1881 the United States was refunding 6 per cent bonds at 3½ per cent, making a gain of 2½ per cent in annual interest. Supposing that the entire 16 per cent in the fall of prices shown in Soetbeer's tables, was due to the appreciation of gold—which, as examination has already shown, is not the case—but, taking that for the sake of the argument, and agreeing that this was extended over the whole period as affirmed by a silver advocate. In that case, the United States, up to 1880, had suffered an appreciation of about 5 per cent on the 6 per cent issues which it had refunded that year; but since then it has gained 2½ per cent each year by the fall in interest rates, or on the 16 years since then, a gain of 40 per cent, to offset the supposed loss of 16 per cent by the appreciation of the standard, and an actual one of probably 10 per cent. This gain to the borrower extends to all classes. The man who borrowed money on mortgage 10 years ago has suffered in the 10 years, supposedly 8 per cent by appreciation of the standard; but he has gained 20 to 30 per cent by the decline in interest rates as compared with 1873.

This fact is worth setting down as one of the vital factors both as regards the past and with a view to its bearing on the future. With public credit sustained, and the stability of the standard zealously guarded, the position of the borrower is immensely improved.

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XIV.—A Consideration of Justice.

We have in previous articles examined at length the issues of fact involved in the claim that as gold has appreciated the amount of debt has appreciated with it, and therefore should be scaled down to make things even. We have shown that when the cloud of assertions made by the free silverites is subjected to the test of actual facts, they appear in their true character as a mass composed mainly of fabrication with a proportion of exaggeration. There is another question as to the remedy which they propose for an evil which has little if any existence. It can be introduced by the following question:

In the free silver plan of reducing the standard of value, on account of the imaginary appreciation of debts during the past 23 years, what do the free silver men propose to do with the debts that were contracted last month?

The Dispatch some days ago asked the free silver men to state whether the appreciation of gold, on which they base their argument, took place immediately after the flat "crime of 1873," or whether it has been extended over the entire period since then. One of them only has answered the question, and he says it has been going on gradually a little each year. If half the supply of wheat, or half the stock of any other commodity is wiped out, the appreciation of price due to it would take place within six months. But as it suits the argument of the free silver

men to take the horn of the dilemma which makes them assert that an imaginary halving of the stock of money 23 years ago is still at work enhancing the value of the standard, we will accept the sole answer of "Bimetallist" as the reply of the whole school.

It is plain, according to that answer, that a loan or debt made last month, or, for that matter, any time within the past 10 years, could not have appreciated all that is claimed for the appreciation of gold. The utmost appreciation of gold shown to be possible by scientific examination of the fall of prices is 15 per cent in 20 years, and as that showing of the fall of prices includes what was due to inventions and improvements, the actual appreciation of gold must be much less. But taking that percentage for the sake of the argument, we find that in the case of debt contracted during the last 10 years the appreciation of gold and debt has been 7½ per cent. That is also offset by a decline in interest rates as compared with 1873 of 1 to 2 per cent per year, or 10 to 20 per cent for the 10 years. With such a state of facts, the proposition to scale down debts 40 to 50 per cent takes on a new character of shallow mischief-making, when we perceive that it applies equally to debts contracted at the close of the period, and on which there could have been no calculable appreciation at all.

According to the building and loan statistics there are $5,471,500 paid in to the building and loan associations each month. That amount was presumably paid in and invested in mortgages last month. By the wildest claims of the free silver apostles this has appreciated less than one-third of one per cent. By the most liberal calculations, taken on the basis of actual fact, it has not appreciated one-thirtieth of one per cent. But the great free silver idea is, because there was an imaginary evil inflicted upon the debtor of 23 years ago, therefore the working men and women who saved their earnings to loan through these organizations, are to have nearly half their property taken away and given to the people who borrowed it from them. The borrowers got the full gold value of $5,400,000, but because gold has appreciated in the past two decades they are to have the privilege of paying back a little over half of what they got.

It is a conservative estimate that $3,000,000 was deposited in the savings banks of the country last month, to be invested in interest-bearing securities, or "moneyed obligations," as one of our free silver friends puts it. What a travesty on human reason it is to propose that because the savings depositor who had his money there in 1873 has fattened to the alleged extent of 10 or 15 per cent, in appreciation of the standard, therefore those who deposited $3,000,000 to $4,000,000 last month, and became members of the hated "money-lending class," shall be forced to take back less than half of the value deposited!

We cannot deem it possible that any sane man with a normal sense of justice, who has advocated the free silver idea, can have reflected on the monstrosity of such a proposition. Yet, as it is a vital part of the problem, we shall expect all fair and honest men to recognize the following inquiry as a crucial one in the judgment of the whole subject.

What proportion of the existing debt in the United States has been subjected to the whole or the greater part of the alleged appreciation of the standard during the past 23 years?

It happens that there is very exact information on some of the leading classes of this debt. First among them we will take the two examples already referred to. The building and loan associations constitute one of the largest in number of this obnoxious "creditor" class. There are 5,838 of them, with 1,745,000 members. A table in the report of the United States Commissioner of Labor in 1893 showed that out of 5,819 of them reporting their age, their different ages were as follows:

Under 5 years	2,620
Five to 10 years	2,177
Ten to 15 years	589
Fifteen to 20 years	250
Twenty years or over	180

In other words, over three-quarters were put in operation within 10 years before the date of the report, and just about 3 per cent have been in existence during the period of the alleged appreciation of the standard during which debts were paid. It is well known that during the first year or two of a build- and loan association its total receipts are from dues, and therefore its loans are comparatively small. It is not till the third or fourth year of such an association that its loans attain the average volume. It is consequently correct to take the proportions shown above as representing the duration of their loans at present. The free silver proposition is, therefore, that because of an imaginary appreciation during 23 years, for which time less than 3 per cent of these associations have existed, the loans of 83 per cent of them, made in the last ten years, and amounting to $360,000,000, are to be scaled down!

Savings banks depositors are the most numerous branch of the creditor class which our free silver friends consider so obnoxious. We have not statistics for directly estimating the length of time that the existing savings banks deposits have stood. We know that after one has remained untouched for 20 years it is treated by law as an unclaimed deposit, to be advertised, and we also know that the percentage of such unclaimed deposits to the total is very small. It is safe to say that the great majority of savings bank deposits are less than 10 years old. Yet, whether the money was deposited 10 years ago, or this year, the free silver proposition of scaling down debts proposes to fine the depositors from one-third to one-half their savings, on account of an imaginary "crime of 1873," and an alleged appreciation of the standard, which however, it is estimated must have taken place in greater part before the deposits were made.

While we can only estimate the above factor we can arrive at the result in another way, namely, by the average life of the investments in which savings bank deposits are mainly put. Two of the leading classes of these investments are railroad bonds and real estate mortgages. The two constitute about two-thirds of the estimated total of all debt in the United States, and four-fifths of the debt that is of record. There are reliable methods of determining the duration of these forms of debt.

The United States census report on real estate mortgages shows generally that a real estate mortgage in the United States runs from five to seven years. This corresponds with the statistics of building and loan associations at 6.2 years. We quote from the census report:

"Of the mortgage debt in force in 1880, the fully-paid mortgages that are cancelled on the records are 72.03 per cent; for 1889, 9.38 per cent. The fully-paid mortgages not cancelled in the records are, 11.64 in 1880; for 1889, 3.53 per cent. The partial payments on mortgages in force in 1880 are 2.21 per cent; for 1889, 4.10 per cent; and of the mortgage debt incurred in 1880, the amount of debt in force under the surviving mortgages is 14.12 per cent; for 1889, 82.99 per cent. Nearly all the debt in force in these counties was incurred during the last 10 years, namely, 91.98 per cent; while 75.33 per cent of the mortgage debt in force was incurred during the last five years. A small portion of the existing debt, namely, 8.02 per cent was incurred previous to 1880. The counties where there is any perceptible surviving mortgage debt, older than 20 years, are in New York, New Jersey and New England."

If this does not satisfy our free silver friends that their proposition is to fine an immense amount of debt holders, three-quarters of whom lent their money within the last five years of the period for which statistics are available, on account of an alleged injustice on an almost inappreciable pro-

portion of the whole, they can obtain more figures from the same source.

We have in our possession a list of railway securities comprising over 3,000 issues, and practically covering the entire system of the country. The railway bond is one of the longest-lived securities that is issued, and the results as shown by classifying them according to their date will be the most favorable possible for this free silverite theory. For lack of time to go through the whole 3,000 or more, we have deemed it sufficient to classify the 200 coming first in alphabetical order and comprising such old companies as the Baltimore & Ohio, Boston & Albany, Boston & Lowell, Camden & Atlantic and others. The proportion of them issued within the periods stated below is important.

	Per. ct.
1891 to 1895	24
1886 to 1890	34
1881 to 1886	18
1876 to 1880	15
Before 1876	9
	100

In other words, supposing these ratios to hold good throughout the entire list, the free silver proposition is to scale down nearly $1,500,000,000 of railway bonds which have been in existence five years or less, and nearly $2,000,000,000 outstanding 10 years to 5 years, to recompense for an alleged appreciation that by any calculation must have occurred mainly before this $3,500,000,000 was issued! And the proportion which can have been subjected to the whole of this appreciation is less than one-tenth of the total outstanding.

The debt of the United States Government is one of the chief subjects of complaint by the advocates of a reduced standard. The fact is that it is not quite one-twentieth of the total debts to be affected by that stupendous proposition. But the same rule that has been established with regard to other debts, holds good with regard to Government bonds. For while the original debt was contracted over 30 years ago in the suppression of the rebellion, three-quarters of that original debt has been paid off, and all the issues now outstanding—except $1,674,500 bonds called, but not presented for payment—were issued since 1873. We give the date at which each issue was begun, with the amounts outstanding:

4's, 1877 and 1878	$559,631,750
4's, Refunding certs. 77-78	50,310
2's, 1891	25,364,500
5's, 1894	100,000,000
4's, 1895	62,315,400
4's, 1896	100,000,000

Thus it will be seen that nearly $300,000 of the United States debt has been issued since 1890. With regard to the whole, the table brings out three facts, of which the cheap money school appears to be wholly ignorant.

First—Every United States bond outstanding in 1873 has been paid or refunded since then.

Second—For every United States bond now outstanding the Government received gold or gold values, and for a large share of them gold to an amount considerably in excess of the face value.

Third—On every United States bond now outstanding, the Government has gained by the reduction in the interest rate as compared with that of 1873, two to three times as much as it can have lost by the alleged appreciation of gold.

The classes of debt referred to above constitute the great mass of securities running over a term of years. There are in addition $228,000,000 State debts, of long duration, $724,000,000 of municipal debt, the majority of comparatively recent date, and about $181,000,000 of county and school debts of the same class as to duration. But the $3,000,000,000 of bank loans, and the $1,300,000,000 estimate of mercantile and private debts, are all of short duration. A mercantile or private debt that has run two years is, in nine cases out of ten, a bad debt, and its payment will not bother the debtor at all. Bank loans, on the average, are paid off every 60 days, and a bank loan that is over two

or three years old is probably in good shape to be charged to profit and loss. So of these last classes of debt, now existing, there is absolutely none that has been subjected to the whole of the alleged appreciation of gold, be it much or little.

These facts should carry their own comment on the proposition to scale down debts by reducing the value of the dollar. It is the proposition that because out of about $15,000,000,000 of debt statistically ascertainable, there has been just about $750,000,000 subjected to the whole of the alleged appreciation of gold, therefore the remaining $14,250,000,000 shall be scaled down. Of that $15,000,000,000, more than $11,000,000,000 has been contracted within the past 10 years.

Yet the free silver proposition is to scale down the whole mass, together with some four billions of estimated commercial debts, on account of an imaginary crime of 1873, which could not have affected 4 per cent of the total.

Such an idea, placed side by side with the facts, utterly beggars comment. None is needed to secure its proper characterization by any mind with the faintest conception of public justice.

* * *

XV.—Sophistries and Prejudices.

An amusing example of the view which the typical silver disputant takes of everything that does not coincide with his predisposition is offered by the opening sentence of the communication signed "Silver." "Your reply to my article of June 29 seems to be simply an evasion of the real question." If anyone will take the trouble to compare the former contribution of "Silver" with the reply made in the same issue, he will see that if the real question was not touched it was because the communication of "Silver" did not touch it.

That contribution first produced the remarkable, though by no means unprecedented, argument that because the annual production of gold in the United States was less than forty millions, therefore, if the wage workers were to be paid in gold their wages must be reduced to less than 20 cents a day. We might have devoted considerable space to the foolishness of the assumption that the stock of money is no more than the annual production of the United States, and in addition to that, the idea that the ability to pay wages is limited by the stock of money, i. e., that a manufacturing city having a monetary stock, say of $500,000, could only pay $500,000 wages in a whole year. But it was sufficient to turn the argument about and show that as the commercial value of the silver product of the United States is two-thirds that of gold, therefore, according to our correspondent's logic, the use of silver must reduce the day's wages to about 13 cents a day. In addition it was relevant, when such an argument was introduced to point out, as we did, that though the production of gold is now much more than stated by our correspondent, during the period when the production of the United States actually was less than forty millions, the average day's wages of the industrial laborers of the United States advanced from 93 cents to $1.55. The same communication, going on to assert that this meant one kind of money for the workers and another kind for the bondholders, The Dispatch simply appealed to the fact that the money paid to the wage worker is just as good as that paid to the bondholder, and the effort of the sound money party is to keep it so. As "Silver" declared that this was "the whole question in a nutshell," it was certainly pertinent to show that the fact disproves his assertion. Finally, "Silver" having asserted that "the country is compelled to pay foreign bondholders over $200,000,000 in gold annually," The Dispatch turned to the statistics of trade and specie movements to show that the country was not compelled to do anything of the sort.

In other words, after The Dispatch has squarely replied to each of this writer's assertions, and shown their

error, he asserts that it is "an evasion of the real question," and proceeds to state new positions. We do not know any way to discuss this, or any other question intelligently and fairly than to take the arguments or assertions that are advanced and see how much foundation they have in actual fact, or in logical justice. We did that with the first communication of "Silver;" we shall continue the same style of treatment with his second effort.

This contributor begins again by assuming that "every bond issue authorized by law is a mortgage upon the productive industry of the country." This is an indisputable assumption; and therefore it is gratifying to note that scrupulous honesty in the payment of such debts and jealous maintenance of a stable standard have reduced the burden of that debt in the rate of interest on Government bonds from 5.8 per cent—the average rate on the Government debt prior to 1873,—to 2 per cent, which represented the high water mark of our credit when Secretary Windom funded 4½ per cents into 2 per cents, in 1891.

The contribution goes on to assert that, therefore, "every bushel of wheat, every ton of iron and every day's wages is tolled or taxed to buy gold for the bondholder." This is a familiar misstatement from the flat money era. When the currency of the country was of less value than gold, then the payment of public interest in gold involved a certain proportion of taxation to buy the gold. But when the whole currency is as good as gold, no one is taxed to buy gold for the bondholder. The taxation is simply to pay the interest on the bonds, and, as we have already shown, that taxation has been immensely decreased by the reduction in the rate of interest.

Our correspondent continues to resort to the stock argument that by limiting lawful money to gold, we contract the basis of commercial credits, and appeal to the prejudice against "a class that simply consumes the wages of the laborer." As to the contraction of the basis, it is pertinent to say that it is not contracted as much as it would be if the basis were restricted to silver alone, which is the inevitable result of free coinage. There is a further answer to this stock argument of the flat money rather than free silver class. Facts are important things, although our opponents are wont to scorn them, and we propose to inject one fact right here. If legal tenders were lawful money, within the meaning of our correspondent, we had, in 1878, $346,000,000 of them. If he refers to coin alone, we then had no money at all. We have now, of various classes of money, some $600,000,000 of gold, $500,000,000 of silver, and $700,000,000 of paper money. Our correspondent can choose out of the list whatever he regards as "lawful money," and he will find that, in any class he selects, the basis has not been contracted, but greatly enlarged.

The regulation resort of this class of disputants to talk about "a class that does not add a dollar to the wealth of the nation," does not deserve much attention, but we shall give it all it deserves by pointing out who constitute the greater number of the obnoxious class that have saved their money and lend it to be employed in productive industries. The depositors in savings banks form the greatest number; the members of building and loan associations the next greatest. There are 4,800,000 of the former, and 1,700,000 of the latter. To assert that the savings bank depositor or building and loan member who has saved up an average of about $350, and lent it through the savings bank or building association to other people, to build houses, construct railways, buy machinery or carry on any of the vast range of productive industries, does not add a dollar to the wealth of the nation, is a typical example of the shallowness of this attempt to raise class prejudice. It is a well-known fact that in proportion as the accumulation of this class of loanable funds is large, and the conditions stable

and secure, productive industry can secure means at easy rates.

Our correspondent after exhibiting these typical and oft-refuted sophistries asks some questions which we are quite willing to answer seriatim. First, he wishes to know what did the productive industries of the country gain by the demonetization of silver in 1873?

To this we will reply that by the alleged demonetization of 1873, considered strictly by itself, the productive industries of the country neither gained nor lost anything at all. That act did not affect them in the slightest degree, because it demonetized nothing but a legal fiction. It did not take from the currency a single coin that was then in circulation or had been in monetary use for 20 years before. But from the monetary policy of payment of debt and scrupulous care for the standard that prevailed for the greater part of the period, the productive industries of the country gained that stability and confidence which permitted the expansion of its total wealth from $24,000,000,000 (gold value) in 1870 to $65,000,000,000 in 1890.

Next, what did they gain by the repeal of the Sherman act in 1893? They gained a partial restoration of confidence. When the other disturbing cause, the tinkering with the tariff, was removed, there was a general revival of industry during last year, which has been set back by the uneasiness caused by the free silver agitation.

Next—"In both cases there were panics. Who profited by the panics?"

Taking the direct question first, no one profited by the panics except the speculators and manipulators who would reap the richest harvest if the silver men could have their way. The lenders of money on commercial paper, or the investors in bonds and mortgages did not profit by the panics. They lost by them.

We dispose of this question to take up the inferential assertion in the statemen, "in both cases there were panics" that the panic of 1873 was caused by the demonetization of the silver dollar and the panic of 1893 by the repeal of the Sherman act. This is a recent production of free silver logic. In 1873, when the conditions of panic stared everyone in the face, no one ever thought of attributing it to the mint act. Every one knew it was due entirely to different causes, the floating of gigantic bubbles on the basis of no value. But 22 years later it occurred to some free silver sophist that it would be a smart thing to attribute the panic of 1873 to the mint act of that year and the panic of 1893 to the repeal of the silver purchase clause. We propose to let the light in on that cheap deception by putting it side by side with two indisputable facts.

It is a favorite assertion of the free silver advocates that the demonetization of 1873 was surreptitiously obtained and that the people did not find it out until 1875 or 1876. According to their own assertion, therefore, the nation went into a panic on account of an act of which no one learned until two years later. It is hardly less ridiculous, on the basis of actual fact, to assert that a panic was created because a coin had been demonetized of which there were actually none in circulation, and which, if any man had one, would have sold for 12 per cent premium.

The assertion that the panic of 1893 was caused by the repeal of the silver purchase clause is riddled by one fact within the recollection of every well-informed man. That is, that the panic had been in operation for months before the date of the repeal, and terminated shortly after the repeal.

The panic of 1893 began in May and reached its height in June and July. While other causes aggravated it, it was mainly due to the fear that the silver purchase act would bring the nation to the silver basis. The panic had been a recognized fact for just about five months, when Congress, on October 30, repealed the silver purchase clause. It was not 60 days after that, before money became more abun-

dant in New York than had ever before been known. Business prostration continued for a year under the fear of tariff troubles; but the monetary panic of 1893 ended with the repeal of the silver purchase provision. After this, further intimations about the panics of 1873 and 1893, being caused by the silver legislation of those years, will be treated as the cheap invention which they are.

Next, "Silver" asks: "When silver was demonetized by European countries, was the condition of the productive average class improved? We have stated heretofore that we do not think it was, the real demonetization having taken place in Europe. The Dispatch, like the great majority of the sound money men, is in favor of the policy of co-operating with Europe to restore the use of silver there. But, as it has shown again and again, the United States having demonetized no silver at all, but having, on the contrary, coined 250 times as many silver dollars per annum since 1873 as before, it is foolish to assert either that the United States is responsible for it, or that it can, by its unaided action, rectify a mistake made entirely outside its jurisdiction.

But here "Silver" branches off into a new and peculiar freak of free silver logic. Is not the proposition to have gold so as to be on an even footing with Europe a policy that must "of necessity drag our industries down to the degraded level of the industries of despotic countries?" It is turning this logic properly upon itself to inquire whether industries are more degraded in England, Germany, Austria and the United States, all on the gold basis, or in India, China, Japan and Mexico all on the silver basis, and to ask whether it will not "of necessity" drag our industries down to the degraded level of China to adopt silver. Of equal character is the question whether international bimetallism is not an overwhelming argument of free trade! It is not more so than the question whether we shall measure by pounds and yards, derived from England, or by grammes and metres derived from France. It is rather singular that such a failure to understand the question should appear at this stage of the discussion; but since it has appeared we will state the primary consideration at the base of the whole question of coinage.

What gives a monetary metal its value is the demand of the world for its use in that capacity. If the whole world wishes to take gold, the value of gold is established. If the whole world agrees to take silver at the same time, there is reason to hope that the value of silver will be approximately established, side by side with gold, and the world's stock of monetary metals correspondingly increased. To support an international movement which will make monetary values stable and enlarge the basis has no more to do with free trade or the relative conditions of labor, than the eleventh proposition of Euclid has with the first declension of Latin grammar.

This contributor closes with the statement that "we want a financial policy that will promote industries." That is correct. Therefore it would be well to adhere to the policy that increased the wealth of the country between 1870 and 1890 more than 150 per cent; that quadrupled in the same period the capital engaged in manufactures; that increased the number of people employed by 125 per cent; and enhanced the average wages of each individual employe by 60 per cent; and that increased the total industrial output a little less than three times.

It may seem that we have devoted rather too much space to showing the emptiness of these characteristic free silver sophistries; but as they compose the style of logic used most freely to mislead and confuse the masses, it is worth while that their emptiness and falsity shall be thoroughly ventilated.

Among the communcations of our free silver friends, that signed "G. B.," deserves attention because it is a sincere statement of opinions formed un-

der misconceptions of the real facts, and also because it touches upon a great evil which the writer wrongly, though sincerely, thinks is connected with the question of coinage. We will try to make the error of his argument clear in as short space as possible.

First, he objects to the credit system because, as he thinks, if a purchase is made and credit is given for six months, the "money must be earned and paid over before a settlement is made.' It is true that money or money's worth must be paid over; but the system of banking and credit makes the work of payment much easier. For instance, suppose half a dozen men, producing, say, one clothing, another shoes, another flour, another meat, another groceries, and the last houses, agree to furnish each other with these necessaries for a year, to keep account of what each has furnished, and at the expiration of the period to settle the balance. During that time the total of what each has furnished the others may be $200 each or $1,200 in all. One may owe another $50 on the whole trade, the latter may owe two others $25 each, and so on around. The joint credit of all has enabled them to go on producing and exchanging what they produced for what they needed to consume, and $50 in cash can settle the whole $1,200 in trade. This operation multiplied a thousand times and expanded to take in trade not only between cities and sections, but between nations, is what is effected by the machinery of banks and bank credits. But in the expansion two practical facts appear. In retail trade, comprising small transactions chiefly, it is generally more convenient to have transactions settled in circulating money, either at the time of purchase or at stated intervals. In the operations of wholesale trade or manufacture the system of bank credits is far more convenient and labor-savng. A man in Pittsburg has $10,000 worth of coal or iron to ship to Chicago. It being shipped, it is a practical certainty that Chicago will pay for it, either by sending back the money or sending back meat or flour or something else that Pittsburg wants. Perhaps Chicago may send meat or flour to Duluth to feed the iron ore miners, and the iron ore mines will send ore to Pittsburg, thus paying at once Duluth's debt to Chicago and Chicago's debt to Pittsburg. The whole system of banks and bank credits, infinitely varied, is based on the principle first, that when a manufacturer or dealer sells goods, the trade establishes a practical assurance that it will be paid for chiefly in goods, but possibly in money, and, second, that the exchange of goods enables the settlements to be made with much less trouble than if the money had to be sent to each trader and each city for each transaction. If money were so plenty that every merchant had to keep a warehouse to store it in, it would still save time and labor to settle these accounts by checks and drafts. A very fair illustration of this saving is afforded by the fact that a score of bank clerks meet every day in this city and in less than half an hour settle from $2,500,000 to $3,000,000 of actual payments. Did our correspondent ever stop to think how long it would take these clerks or others to count out and hand over $3,000,000 in coin or bills? So no matter how much money there might be, the system of bank credits is an immense labor-saving device without which trade cannot be carried on in anything like its present volume. It also affords the producer who may not happen to have enough of the plethora of money to carry on the business he wants, to obtain credit on the foundation of his production.

Now, bearing in mind the accepted and reliable basis of bank credits, let us examine our correspondent's second objection to the credit system, namely, that under it the great manipulators of Wall street can, in order to juggle stocks, lock up money, and thus disturb credits. In describing this evil he has touched upon one of the great sources of unjust concentration of wealth. The manipulation of stocks,

the fleecing of the public by favoritism in rates, the wrecking of corporations by inside rings, of all which, such an operation as our correspondent describes is part, form a total of evil which The Dispatch has attacked over and over again. The almost maddening feature of the case is that the people whose duty it is to antagonize such evils fly off, as our correspondent does to the idea of cheap money, which has absolutely nothing to do with these evils of speculative manipulation, corporate wrecking and favoritism, except to aggravate them.

Every one of these operations can be carried on just as well with a free silver standard as with a gold standard. They have been carried more notoriously and flagrantly on an irredeemable paper currency than on the gold basis. The sound banking interests always prefer mercantile paper made by the actual sale of goods, to speculative call loans, and it is only when there is more money than business demands, that there is an abundance of it in New York for the speculative jugglers to blow bubbles and then fleece the lambs by bursting them. And the crowning stupidity of it all is that these speculative manipulators are of the borrowing class. The Goulds, Vanderbilts and Rockfellers began their careers by borrowing, and as stockholders in corporations which they manipulated by their inside position still occupy the position of debtors to the holders of the railway mortgage bonds. And the free silver idea of scaling down debts is, in its greatest example, to take about $3,000,000,000 of the honest value of these bonds away from their owners, largely depositors in savings banks and trust companies and insurance policy holders, and to give that vast sum to the stockholding interest, enhancing the very fortunes whose concentration is one of the dangerous tendencies of the age!

Mr. R. L. W——— says our answer to a former letter is not "entirely satisfactory" to him. That so mild a dissension comes from our silver friends is so encouraging that we will endeavor to correct the misapprehensions into which he has fallen. He first quotes us as saying that "trade fixes the amount of money in circulation; legislation cannot.' We find on reference to our files that the use of the word "can" in one sentence of our reply to the former inquiry permits this misconception of our meaning, although in the following sentence the words that the needs of trade "should" fix the volume of circulation might have corrected it. We can conceive of a government so despotic and idiotic as to enact that there should be only two pounds of flour per capita in a country, and we might also conceive one so foolish as to enact that for every head of population there must be two tons of flour stored up. Just because there are such possibilities of the stupidity of legislation the needs of trade alone should fix the volume of food, clothing iron, or money used in their exchange.

Now, with regard to Mr. W———'s inquiries, the increase of silver and silver certificates has been a portion of the increase of our circulation since 1878; but what preceded it? In five years after 1878 the stock of gold increased from about $75,000,000 in the Treasury and on the Pacific coast to $540,000,000. Our critic's inquiry as to whether trade can bring gold from Europe is sufficiently answered by the fact that it did in those years bring gold from Europe to the amount of about $300,000,000, the balance of the increase being made up of domestic production and the reappearance of gold previously hoarded. Our correspondent's further error that Great Britain makes her investments in the United States by selling us commodities betrays ignorance of the fact that we sell the United Kingdom annually $240,000,000 more than the United Kingdom sells to us; that in the past 20 years the United States has had a balance of trade with the whole world in its favor of over $2,400,000,000, with which, after paying the invisible bal-

ances of trade, it has brought back from Europe between 500 and 1,000 millions of its own securities; and that for the 18 years prior to 1895 the net gold movement was over $6,000,000 in its favor, showing that except what was carried abroad in the pockets of tourists the whole gold production of the United States during those 18 years stayed in the country. In 1895 there was a net export of $30,000,000 of gold, so that subject to the deduction above stated, the United States has in 20 years gained in its stock of gold, coined and uncoined, something over $600,000,000. Our friend's further errors may be seen in the reference to an increase in national bank circulation, the fact being that, owing to various causes, among them the increase of other forms of circulation, national bank notes have decreased from over $400,000,000 in 1878 to about $200,000,000 now; while his supposition that the banks can fix the amount of money in circulation is about the same as saying that since the Government does not fix the amount of flour to be sold, therefore the grocer who sells it will.

In short, the one accurate statement of our correspondent is that it is easy to tear down. It is very easy. The United States from 1878 to 1892 built up a system, not perfect in every respect, but furnishing abundant money, having a larger total than ever before, and permitting the transaction of business on a scale previously undreamed of. The persons who wish to tear down that system of credit and solvency are Mr. W——— and his associates in the free silver cult. If that writer will reflect on the failure of every one of his assertions to stand the test of comparison with the established facts, it may suggest to him the propriety of studying the topic a little more accurately before proceeding with the work of destruction.

This is especially the case with Mr. W———'s surprise at our assertion that a man can obtain gold now with the same effort that he could obtain an equal value of silver. "Certainly a new idea," he exclaims. On the contrary, it is one of the oldest and most primary ideas. A certain amount of effort is necessary now to obtain a gold dollar. Free coinage or other legislation may give us a dollar which will be worth half as much as the present gold dollar. In that case half the effort may get a dollar, but to get the same purchasing value as the original gold dollar, the same effort will be required.

The communication of F. H. B. undertakes to challenge a statement of fact by The Dispatch in a way which we hope he would not have essayed if he had read all the facts which The Dispatch has produced in various articles on that subject. It is true, as he says, that there were coined from 1868 to 1873 silver dollars running from $182,700 up to $1,118,600. It is also true—which fact he does not state—that after 1873 the silver coinage nearly doubled the first year, quadrupled the second, and so on up to $24,000,000 and $28,000,000 in 1876 and 1877, all under the provisions of a law alleged to have stricken down silver. It is also true, that a large share of this increase was due to the coinage of trade dollars in amounts from $3,000,000 up to $11,000,000 annually, which were used for the same purpose as the dollars coined before 1873, namely, for exportation as merchandise, and for the reason which our correspondent states, though he does not seem to comprehend its bearing, that the silver dollar was worth more for exportation than it was for circulation. If a man had a thousand dollars in silver, would he pay it out as a thousand dollars, when he could get $1,170 for it for exportation to China or India? It is true, as F. H. B. states, that the production of gold exceeded that of silver in 1872; also, therefore, then, as for 22 years previous, as The Dispatch has pointed out over and over again, silver did not circulate as money, was practically demonetized, not in 1873, but in 1853, and the United States was recognized to be on a gold basis by

every existing fact up to the time when it suspended specie payments. Our contributor has got hold of these facts, but he has not yet grasped the cogency of their bearing as establishing the following results:

First—Since the demand of the whole world for gold did not prevent it from being cheaper than silver, when it was produced most largely, it is utter folly now, to expect the United States alone to hold silver at a parity with gold when silver has been produced most largely.

Second—The fact being that silver was not at a parity with gold, but was at a premium of 2 to 7 per cent from 1850 to 1873, it was during that time an article of merchandise, was not in monetary use in the United States, and therefore the legislation of the United States did not demonetize anything in actual use, but has, as a matter of fact, multiplied the coinage and use of silver dollars more than fifty fold.

Third—The fact being that silver was proportionately the most costly and scarcer metal, the allegation that a conspiracy "to make the rich richer and the poor poorer" selected the more abundant and cheaper metal, contains the proof of its own persistent absurdity.

The Dispatch has now for six weeks opened its columns to the silver disputants. It has not concealed its own opinions, but has confined its work to making a fair and thorough examination of the allegations and arguments made by the silver advocates. It now regards it as proper to wind up the debate by stating in a series of articles its own deductions from the facts which have been demonstrated in the discussion. It publishes to-day the communications received, but will, after this week, close its columns to the miscellaneous debate. If, for a few days after, any of its free silver friends wish to discuss any of the statistical or historical facts established by our discussion, not by sheer contradiction or dogmatic assertions, but by the citation of authorities, we will consider such articles. Beyond that, we will publish a limited number of answers which fairly discuss these two pivotal questions, one of which we have asked frequently without getting an answer, and the other of which we have held in reserve until we reached it in the course of discussion, only the other day.

First—Since the demand of the whole world for gold could not prevent its decline in the '50's and '60's, when it was the more abundant metal, what reason is there to hope that the United States by its solitary and unaided action can raise the price of the world's stock of silver when it is the more abundant?

Second—If on account of an alleged advance in the purchasing power of gold, it is proposed to scale down debts by reducing the standard, through free coinage, what is the justice of scaling down the debts of the past ten years, contracted on a gold basis, and which constitute over three-quarters of the present outstanding debt?

* * *

XVI.—Prices and Lenders.

The only communication that we have, bearing on the issue of free coinage in the United States alone, is from a contributor who has occupied attention in recent articles. With regard to our answer to his former arguments he sends the following, which is brief enough to give in this connection:

"To the Editor of The Dispatch:

"Your explanation is that gold shall be the only money, that the way to get it is to sell cheaper than European nations, and that means European prices for everything in America. I am glad you have come out at last, and acknowledge the corn, if this is what the gold standard means, that European prices and European wages will hereafter prevail here. If the people are satisfied with this, there is no use discussing the question further. The silver people hoped by increased use of silver as a money of redemption to keep prices of property, commodities and labor above

that of Europe; but I see you are not in favor of this.

"R. L. W———."

This is characteristic of a certain type of free coinage disputant. The former communications of this writer had been as to the amount of money that should be in circulation, and the source whence the basic money should be obtained. The Dispatch having in the discussion of these questions been obliged to show the incorrectness of Mr. W———s statements of fact, he finds it convenient to break out in reply to the accusation "You wish gold to be the only money, and to have European prices and wages in this country." The writer knew, if he has paid any attention to The Dispatch's position, that it is in favor of the use of both gold and silver on conditions that will keep the double standard stable and secure. But between gold monometallism and silver monometallism, which is what the free coinage proposition means, The Dispatch decidely prefers the former.

As to the accusation that The Dispatch is in favor of European wages, the complete answer to that is in a statistical statement that The Dispatch has already made half a dozen times, but which we are entirely willing to repeat for Mr. W———'s especial benefit. In 1870 there were 2,053,996 employes in the manufacturing establishments in the United States, and each received average annual wages of $306 in gold value. In 1890 there were 4,712,622 employes, and the average wages per year were $484. When the two decades during which our present monetary system has been in operation show that 135 per cent more men have been employed, and that each got 60 per cent more wages, we are in favor of that result, whether our correspondent calls it European wages, Chinese wages or American wages. It is true that three years of Democratic tariff muddling and Populist assaults on public credit have lowered wages from where they were in 1890; and whatever credit our free silver friends claim for that result they are welcome to.

This sort of argument would not be worth noticing, or, indeed, publishing, if it were not that the talk about cheap prices and high prices has been the stock in trade of the free silver boomers for the past few weeks. The address of the free silver seceders at St. Louis rung all the changes on the sin of cheap prices, and the great public duty of raising prices. So far as the flood of oratory at Chicago approximated anything definite at all, it meant the same thing. It is worth while to stop and see what it means.

Prices, as regards the relation of these in this country to those abroad, are to be divided into two classes; the prices of the commodities we buy from foreign countries, and the prices of the commodities we sell to foreign countries. If it were possible for legislation to raise the prices of the first class above their present parity with foreign prices we fail to see how the people of America would be benefited in having to pay more for their coffee, tea and sugar. We have no doubt that every free silver man, when confronted with this phase of the subject, will disclaim any intention of making the people pay more for this class of goods, although it is an essential part of their proposition. So we will turn to the prices of the staples which we sell to Europe and other countries, to the extent of eight hundred or a thousand millions per annum. These are the prices which our free silver men wish to see raised above the European level. We would gladly join them in the wish if it were not for one little difficulty. We are only able to sell these hundreds of millions of cereals and provisions abroad by producing them at a lower level of prices than in the European markets. If legislation could raise our prices so that the farmer would be unable to sell wheat to Europe, or pork or anything else, because it is higher than in Europe, we fail to see that either the far-

mer or the nation would gain very much from his inability to sell his products.

Now, how do our friends propose to raise prices? By free coinage? How will that raise them? By reducing the value of the dollar. Here we have a clear acknowledgement that free coinage will reduce the value of the dollar to the level of the market value of the bullion, because, if, as the Democratic candidate professes to believe, it would raise silver to the parity of gold, it would not change prices at all. They would be measured in the same dollars as before. Their contention is true so far that if you reduce the value of the dollar one half, the thing which previously sold for one dollar will, after the convulsion is over, sell for two. Is the change anything more than a nominal one? Suppose that we should accomplish the same result by enacting that every dollar coin shall be two dollars? The thing that sells for one dollar now advances to two dollars, and sells for exactly the same coin as before.

Let us see for a moment just what this question of prices under free coinage means. We desert the gold dollar standard and take a silver dollar standard, worth, say, half as much. Of course prices double. The first thing that they double on is on goods imported from abroad, because they come into our ports on a gold standard, and the moment our money sinks below the gold standard, the exchange in which the purchase of coffee or tea is settled will include the difference between our money and the gold money. So that the first result of the blessing of high prices will be that the American people will have to pay more for what they buy before they get more for what they sell.

But, in the course of time, the prices of domestic produce will rise in proportion. That which is worth 50 cents by the gold standard will be worth a dollar by the silver standard. But will it be actually worth any more? There is a very clear test in one important and leading example. Wheat is worth 63c in New York (gold), because it is worth 5s 1d in Liverpool. Now, if free coinage should give us a dollar worth half as much as the present dollar, it would make wheat worth $1.26 in New York in silver; but that this would be exactly the same price as before is apparent in the fact that it would be worth $1.26 in silver only because it was worth the same 5s 1d in gold in Liverpool.

It is well to use a little common sense in discussing these questions of high and low prices. But when our free silver friends indulge in these glittering generalities and fierce denunciations on the subject, they indicate a greater scarcity of that article than they allege to be the case with gold.

It is plain from this illustration, as we have often pointed out before, that, apart from the convulsion and damage of the descent to a cheaper standard, and the invariable truth that the heaviest losers from such a change are those least able to stand it, and least able to protect themselves against it, the real effect of free coinage is on the payment of debts contracted before the change. The actual and permanent result which free silver can accomplish is, by cheapening the dollar, to reduce every debt existing before the change in exact proportion to the cheapening. This makes it pertinent to return to the examination of that proposition. We have taken up various phases of it heretofore. We now wish to call attention to the classes it will affect.

There is nothing in which the shallowness and ignorance of the free silver school is more strikingly displayed than in their assumption that a scaling down of debts by cheapening the dollar is an advantage for the masses. They picture the lender as a moneybags and a "bloated bondholder," bursting with wealth; while the borrower is a needy, hard-working man, struggling to pay his interest and get a subsistence for his family. This broad portrayal is greedily accepted by the masses to whom it is addressed, without ever stopping to inquire what the actual facts are. We propose to

correct that omission by a few statistics as to the leading money-lending classes, and to follow that up in the future by examples of the borrowing classes.

One of the largest money-lending classes, in point of number, are the depositors in savings banks. There are 4,875,519 of them. Their deposits, according to the latest statistics we have, were $1,810,597,023. In other words, the average deposits of these millions was $371.36. That there are some well-to-do people who put a little money aside in savings banks is undoubtedly true; but the great mass of them are hard-working, frugal people, who have laid aside a little for old age or a rainy day. Yet, because the free silver men allege that an indefinite and disputable wrong was done 23 years ago, they propose to take away from these 4,875,000 money-lenders about half of their hard-earned savings.

The next numerous class of the wicked money-lenders are the members of building and loan associations. There are 1,745,000 of them. They have saved $450,667,594, or an average of $257.26 each. There are very exact statistics as to the classes composing them. Of the membership, 58.89 per cent are artisans, mechanics, housekeepers, laborers, mill and factory employes; 22.80 per cent are salaried clerks, saleswomen, Government employes, etc.; 12.25 per cent merchants and dealers; 2.96 per cent manufacturers and capitalists; 2.10 per cent agents and brokers, and a fractional percentage each of corporation officials and lodges, churches and societies. Of the savings of this class, the great bulk of whom are hard-working and frugal, the free silver idea proposes to take away about one-half because they belong to the category alleged to have oppressed the debtor more than two decades ago.

Another very large class of creditors, but not so large as either of the two just named, are the holders of life insurance policies. There are 1,496,356 life insurance policies outstanding. A great many people have more than one life insurance policy, so that it is probable that the number of this class would be somewhere about 1,200,000. But each policy represents a debt to be scaled, and can be viewed in that line. The life insurance policy holder is generally better off than the savings bank depositor or member of a building and loan association. Some rich men carry a good deal of life insurance; but the vast mass of the insurers are men of ordinary means who thus provide an assurance for their families. The members of the beneficiary orders, who are to be subjected to the same attack are not given by exact statistics, but is asserted to be several millions. The total savings of this form in reserve, and surplus as to policies, is $1,156,061,796. The face of the policies is far more, but the average savings on each policy is $772.65. And because they have saved this sum, a little each year through many years, the great free silver idea proposes to punish them by taking away about $386 from each average value, on account of the wickedness of belonging to the money-lending class!

The fire insurance policy holder is a peculiar illustration of the actual application of the brilliant free silver idea. The statistics do not give the number of insurers, but we know that it must include at least two-thirds of all men doing business, and a great majority of the householders of the country. The total risks written, by the statistics at hand, was over $16,000,000,000; but the value of the insurance shown by the policy holders' surplus was $1,352,225,196. Estimating the household insurers at 1,200,000 and the business insurers at 600,000, which is conjectural but surely within the limits, this makes the average investment in fire insurance about $750 to each person. From each of these persons, every one of them producers, the great free silver idea proposes to take away half of the value of his policy in force when the change of standard takes place.

We might extend this list, but the

examples are sufficient to enforce our point. We will recapitulate them in the following table of the leading money-lending classes:

	Number.	Investment. Total.
Sav. bank depositors.	4,875,519	$1,810,597,023
B. and L. members.	1,745,000	450,667,594
Life Ins. policy holders	1,200,000	1,156,061,796
Fire Ins. policy holders	1,800,000	1,352,225,196
Total	9,620,519	$4,769,551,609

The number of these overlap each other, some fire insurance policy holders being life policy holders, and so on. But they represent nearly 10,000,000 cases and probably not less than 8,000,000 individuals, whose savings are to be depleted by the great free silver plan of paying old debts. Their investments in public bonds, railroad bonds and real estate mortgages are over one-third of the total of debts. Of them, 6,500,000 belong to the modest and frugal class having savings of a few hundreds each in savings banks and building and loan associations. The list might be extended by showing other classes of small lenders. But our purpose is attained by the proof of the following fact.

That these four classes, made up almost entirely of productive classes, the majority of them being wage-workers, are especially attacked by the free silver scheme of scaling down debts and investments.

* * *

XVII.—The Great Borrowers.

In the last article The Dispatch gave the particulars as to the membership of four of the largest money lending classes, the savings bank depositors, building and loan association members, life insurance and fire insurance policy holders. They comprise not less than 8,000,000 people, practically all of them of the productive class and fully three-quarters of them people of small means, whose savings from $250 up to about $800, on the average, the free silver plan of having debts paid in a cheaper dollar will cut down nearly one-half. We now proposes to instance some of the leading examples of borrowers.

The Vanderbilts are borrowers in their capacity as railroad shareholders. They have investments, of course, of the class that bears interest; but the great source and present key to their commanding wealth is in the ownership of controlling interests in the New York Central, Lake Shore, Canada Southern, Nickel Plate, West Shore, and a score of other roads. The mortgage debt of these corporations is counted by the hundreds of millions. If the free silver scheme of reducing debts by a cheaper dollar were carried out, the stockholders of these corporations would get the benefit and the Vanderbilt and Morgan interest, as the chief stockholders, would get the chief benefit.

The Goulds are borrowers in the same capacity. The pivotal character of that fortune is the control by holding the majority of stock in the Missouri Pacific, Western Union Telegraph, New York Elevated and other corporations. There are something like $130,000,000 of debts of these corporations, the reduction of which would accrue mainly to the benefit of the Goulds.

The corporations controlled by C. P. Huntington and his associates are among the greatest borrowers, in proportion to actual value, in the whole country. The debts of the Central and Southern Pacifics and tributary lines count up to the neighborhood of $300,000,000, which, according to our free silver friends, ought to be reduced on account of the hardship that was inflicted on the borrowers 23 years ago.

We might multiply the illustrations, but the three leading cases are sufficient. They are accompanied by scores of others. It is a well-known fact that the greatest borrowers are the men of large operations. It is also a leading fact of vital bearing on the stupid shallowness of the free silver remedy that

all the men who have built up vast fortunes within the period during which it is alleged that the gold basis has made enterprise impossible, have done so by borrowing. The speculators who manipulate stocks are the most reckless borrowers of all. The men who try to lock up money do so, in nine cases out of ten, by borrowing the money.

It is not to be said that in the relation of borrowers from the great mass of the smaller investors the multi-millionaires occupy an obnoxious position. On the contrary, that operation viewed strictly by itself is one of the great means of progress. When an enterprising, able man, can carry on great projects by borrowing from the people who have saved up anywhere from $300 to $10,000 each, there is a benefit to the public, and to both borrower and lender, for which both are to be credited. It is for the reason that vast benefits are secured by the legitimate and honest operation of this system that scrupulous care should be taken not to disturb it. If anything were done to make the system of interest-bearing securities unreliable and unsafe it would be one of the greatest calamities to industry.

But it is to be noted as bearing on the distribution of wealth that many of these multi-millionaires have used the opportunities of corporate control, in which they held the position of borrowers, to concentrate wealth in their hands that should not have gone there. They have taken it from the public by preferential freight rates, and by trusts and pools; they have taken it from the small stockholder by the inside rings that absorbed the profits of the corporations, and by manipulations of the stocks. They have, in many cases, fleeced the ordinary investors by selling them bonds alleged to be mortgages, but which, by reason of the fictitious nature of the stock, had none of the security of bonds and none of the compensations of stock. While these operations, varied in detail, but comprising the essential characteristics of injustice, have built up great fortunes in the hands of men who were borrowers in the capacity as stockholders in the corporations they control, and in that character are borrowers still, the monumental stupidity of the free silver cult proposes to take from the ordinary and legitimate investors in nearly $6,000,000,000 of corporate bonds, a practical moiety and to give an immense share of that gain to the speculators, manipulators and corporate rulers who control the corporations through the stocks. That amazing display of ignorance should lead to the general enforcement of these two facts on the public mind.

First—Every great fortune that has been created during the past generation has got its start through borrowing operations; and the means by which industry and transportation are controlled leave those controlling them in the capacity of borrowers as stockholders of corporations.

Second—There is not a single case in which a fortune of a hundred, or fifty, or ten, or even five, millions has been created in a single lifetime simply by the lending of money at interest.

There are two examples which have been prominent in Pittsburg business during the period of alleged demonetization which make it a peculiarly inexcusable sort of ignorance for any Pittsburger to indulge in this delusion of scaling down debts to rectify the social inequalities. It was just about 1873 when one of the National banks of this city began to come into notice as an enterprising and accommodating institution. Its capital was $300,000, but in the preceding years it had accumulated a surplus of $300,000, so that it entered on the period with a working capital of $600,000. From that point it has grown steadily in volume of business and profits. It has done so, according to the universal testimony of its customers, because it treated them liberally. It could not grow in any other way. If any of its customers could get more liberal treatment at any other bank, they had the full privilege of go-

ing there. But because depositors, small and large, were well treated, and borrowers on legitimate commercial paper knew that they would be accommodated, if possible, the bank prospered not only beyond any other bank in Pittsburg, but to an extent not equalled by more than a half-score banks in the country. The net result of all this prosperity is that the bank has been paying eight to ten per cent dividends on the $600,000 capital and surplus which it had at the beginning of this period, and has increased its capital, surplus and undivided profits to a little over $1,500,000. In other words, the increase in wealth to a corporation dealing in loans has been liberal dividends and an increase of its wealth from $600,000 to $1,500,000.

About the same time that this bank became prominent in Pittsburg, another corporation came into prominence not only in Pittsburg, but all over the country. It was a manufacturing corporation—an oil refining company. There was a time about 1872 or 1873 that its capital was less than that of the bank just referred to; but its growth was so rapid that in 1874 or 1875 it had far greater capital. It did not get the increase of prosperity by doing better for its customers than any one else, in fair competition. It got it by freezing out competition. It made secret arrangewith the railways to give it rates that would enable it to refine and sell oil at a profit, while its competitors, forced to pay the higher rates, could only dwindle out and die away. It borrowed money to carry on these operations at the start; but its profits in a few years did away with the necessity of borrowing for that purpose. The system of favoritism and crushing out and buying up competitors continued so that this corporation was estimated to be worth $30,000,000 in 1878. In 1882 it was capitalized at $90,000,000. It has paid dividends ranging from $9,000,000 to $20,000,000 annually for many years. It is now estimated by market quotations at over $240,000,000.

The examples of the Farmers' Deposit Bank of Pittsburg and of the Standard Oil Company are typical of the two classes. Both are leaders in their class. One of them, by affording accommodation and credit to business, by aiding mercantile and manufacturing operations, distributes $48,000 to $60,000 annually in dividends and increases a capital of $600,000 to $1,500,000. The other, by secret arrangements with railroads to crush out its rivals distributes $10,000,000 to $20,000,000 annually, and on the start of less than $600,000 capital concentrates a total of wealth estimated at hundreds of millions. One is the representative of honest, legitimate business, a benefit to those with whom it deals. The other is the pattern and type of the methods by which the wealth that ought to be widely diffused is concentrated in the hands of the few. Here we have the fact that the question of the coinage, and the alleged advantage of the lending class for the two decades have absolutely nothing to do with the concentration of great fortunes.

It should not be understood that in citing these examples The Dispatch is representing that none of the multimillionaires are holders of interest-bearing investments. Many of them are. The Vanderbilts have large holdings of the bonds of their corporations, and the Goulds of theirs. The Standard Oil millionaires have put much of their surplus wealth in loans. But the point which this article enforces is that it is in the control of corporate management, securing exclusive favors in transportation, and the ability to manipulate stocks and securities from the inside, that the source of the great fortunes created during the past 25 years is to be found.

In the character of stockholders in the railway corporations, the great manipulators occupy the relation of debtors to the bondholders of the corporations. It is a measure of the crass ignorance of the free silver craze that it proposes to take away, by the reduction of the

standard, the legitimate investments of small and large bondholders alike, and to give them to the corporate stockholders, among whom the great millionaires are leading examples.

* * *

XVIII.—Creditors and Debtors.

In our previous articles on the respective wealth of the lending and borrowing classes, the statistics are not to be taken as asserting that all borrowers are wealthy and all lenders of the poorer and frugal class. There are large numbers of wealthy people who have considerable investments in mortgages; and to ignore such a fact would be to deny a self-evident fact. But the figures already cited show that a great share of the lending and borrowing, especially as regards long-time loans on interest, consists of the saving by people of smaller property of various sums, and the loan by a number of them collectively to one of larger property to improve his property or to extend his business. This runs through the whole mass of interest-bearing investments from those of the smallest amounts individually to those of the largest character.

The class of transactions in which the individual transactions are the smallest in amount, and in which the operation is most clearly shown by statistics, are those of the building and loan associations. Of 1,745,725 members of these associations, there are 456,004 borrowers, or a little over one-fourth. The operations of the associations may be described as consisting of the multiplication by hundreds of thousands, of the following typical transaction: Four men join together their savings of $257 each. Three of them lend their savings, making a little over a thousand dollars (the statistical average loan is $1,120) to build his house. But in order to do this the fourth man must have a lot, presumably worth not less than $340, so as to make the mortgage not more than three-fourths of the value of the property after the improvement is made. The transaction then is that three men with $257 savings each have lent their savings to one man with savings and property worth not less than $597. By this transaction the borrower is enabled to build a house and from it obtain an income to pay the three others the interest on their loan, and in addition secure a revenue from his property which would otherwise have been unproductive. All are benefited, and the benefit to society consists in the fact that up to 1893 this sort of transaction had enabled the building of over 314,000 homes for the people. It is true that the lenders may in some cases have had other property than that shown in the statistics, and so may the borrowers. On the fact of the transactions, however, the lenders are men of smaller means lending to borrowers of larger means, and that is well known to be the exact fact with regard to the vast bulk of building and loan transactions.

In the savings bank transactions the statistics as to the class of borrowers are not so clear. Nevertheless, there are some very strong indications to show the fact. The average savings bank depositor has saved up $371. But the average loan from savings institutions must be very much more than that, because the average mortgage loan on lots is $1,540, while the investments in bonds must deal with corporate operations carried on by men of considerable wealth. The savings bank transactions, therefore, must consist of not less than five frugal workers who have saved over $300 each, lending their savings to men who own property at least twice as great as the average savings of the lenders, and running up to the cases in which the borrowers are corporations or operators of large property.

There is another way of illustrating the same fact. The borrowers on real estate mortgages constitute the class in which the hardship of the debtor is most dwelt on. Ther are 4,777,698 of them, 2,303,061 who have mortgaged acres, and 2,474,637 who have mort-

gaged lots. The borrowers on acres are the smallest borrowers on record, the average mortgage being $959. But the two classes of lenders of record comprising the largest number are the savings bank depositors and building and loan members. There are 4,875,519 of the former, and 1,299,721 of the lending shareholders of the latter. But the average savings of the former are but $371, and of the latter but $257. Here are 6,175,340 lenders of the poorer class against 4,777,698 borrowers of the corresponding class. The total savings of the 6,000,000 are $2,260,000,000, or just about equal to the $2,209,148,431 borrowings of the farmers on acres, or three lenders to one borrower in that class. But the statistics of the United States census show that the mortgage on acres averages less than 40 per cent of its true value, so that the property of the borrower in real estate value alone, not counting farm stock and machinery, is worth $2,397. Deducting the mortgage, we have 2,303,000 of the borrowers of the least means with net property of $1,838 each, against 6,175,000 of the lenders of the least means, with average savings of about $360 each.

The same result attends the comparison of the other large classes of lending and borrowings. The investments belonging to 1,200,000 life insurance policy holders are as a rule put into the enterprises of the greatest magnitude, such as railway bonds or the mortgages of the owners of large property. The same is true with fire insurance funds, in which the creditors are the great mass of business men and property holders. In both of these cases, while the average holding or claim of the creditor is less than a thousand dollars, the investment runs all the way from a minimum of $1,000 up to loans of hundreds of thousands or even millions.

The classes gone over were cited the other day, to show the number of money-lenders, belonging almost entirely to the wage-working or productive classes, which the free silver delusion imagines itself to favor by attacking the money-lender. There are two or three other classes which deserve attention when we come to compare the relative means of the debtors and creditors. There are 1,929,000 depositors in the national banks. Of these a large share are business men, who also borrow from the banks. But, considering that there are only 1,200,000 business names on the reference books, that some of these are not depositors in any banks, and that others deposit in banks not national, it is safe to estimate that there are a million depositors in the national banks who are not borrowers. The amount of their deposits can only be guessed at by the fact that the business firms who are borrowers are also among the largest depositors, so that the average deposit of those who occupy the position of money-lenders must be below the average, perhaps about $600 each. The shareholder in the national bank is also one of the lending class. There are 287,842 shareholders, and the average holding of stock is $2,337. One-fourth of the national bank stock is held by women.

While these 1,287,000 members of the money-lending class are in many cases people who have other property, and in some cases include people of large wealth, they also include a vast mass of people of moderate and even small savings put in these investments. Their position relatively to the borrowers is shown in one fact. The borrowers from national banks are necessarily people of property. They must be merchants or manufacturers. It is safe to say that the vast mass of the loans and discounts of the national banks of Pittsburg are on the paper of concerns with capital running from $20,000 up into the millions. A borrower who has not at least $5,000 to $10,000 capital would have little standing in any bank. So again we see that the lender may be a person of small means, and is, in the majority of cases in this class, one of moderate means, while the borrower is

one of larger—and perhaps of the largest—resources increasing these resources by the operations conducted with the money borrowed.

If we add to this case the similar cases of banks and trust companies for which there are no statistics, but in which the same fact appears that the savings of people, which will not, in the average, rise above moderate means, are loaned to large corporations and great operators, the total cases of the lending classes capable of an estimate will rise to between eleven and twelve millions, or over half the productive population of the United States. If these people averaged $1,000 each in their holdings, they would own nearly all of the corporate and mortgage debt of the country. They do not hold so much, however. The total of their holdings is about $8,000,000,000 out of $15,000,000,000 of corporate and mortgage debt and bank loans. The rest of the debt is held by people of various means, many of whom are also small investors.

One more example is enough to enforce this fact. The debt of corporations—railway, street railway, telegraph, telephone, water, gas, heat and power companies—is $6,000,000,000. As a rule, these corporations are conducted by large operators. In many cases the stock is simply a fiction, the capital being actually secured by floating loans, alleged to have the security of a mortgage, but really having no more security than bona fide stock. Whether the stock is watered or not, it is a hardly less general rule that the great mass of the money invested in corporate bonds is the money of the ordinary and small investors. The corporate abuses of the day are so great that the ordinary and small investor is not safe in putting his money into the shares of corporations for fear he may be manipulated or frozen out. The same abuses have prejudiced and damaged the investments in the so-called mortgages, but not to one-tenth the extent that is involved in taking nearly half the investment of the small investor, and, by a scaling down of the standard, giving it to the great operator who has control of the corporation through its shares.

One of the greatest needs of the country is to encourage the wage-working classes to save and invest their money. This can only be done by guarding the stability of the investments in which they put their funds, and insuring that they shall get an honest return for the money which they put into any security. It is one of the crying sins of the day that corporate juggling with inside rings, construction companies and stock manipulators, has so prejudiced the position of the small shareholder that no conscientious and well-informed man could advise the workingmen to put their savings into the shares of the average corporate enterprises. But how much worse is it, after the field of investment for the savings of small investors has been narrowed down to mortgages, and mortgage bonds, to have a party of demagogues and sciolists attack their interests by this proposition:

To scale down the savings of six million wageworkers and poor people, and four to five millions more of people of average means, by enabling the borrowers, including the greatest and wealthiest in the land to pay off the debts in dollars of half the present standard.

If such a proposition were made with full comprehension of its meaning, it would be the monumental crime of the age. As it is, we are willing to extend to it the excuse of stupendous ignorance and amazing misconception.

* * *

XIX.—The Cost of the Change.

Several articles in the past have been devoted to showing how the proposition to scale down debts by decreasing the value of the dollar attacks the savings and investments of the masses. This was based upon the recognition of the fact that when the change was entirely made, and all the conditions of trade

readjusted to the lowered standard, the one permanent result would be to have taken away from the creditor and given to the debtor the proportion of all debts by which the standard is lowered, including as a principal part the $8,000,000,000 of debts due to building and loan members, savings bank depositors, life and insurance policy holders, and the ordinary depositors and stockholders in banks and trust companies, the great mass of whom are people of ordinary means, and the majority in number people of small means.

That free coinage means a reduction of the standard below the value of gold is evident not only from the necessities of the case, but from the avowals of the free silverites. They declare that they want a dollar which it will be easier for the debtor to get to pay debts; and if silver were held as high as gold, it would be just as hard to earn the dollar as it is now. They assert that they wish to raise prices, and the only monetary method of raising prices is to reduce the value of the standard. If we reduce the dollar to 50 per cent of its present value all prices will be nominally doubled, but their actual value will be unchanged after the readjustment is fully made. But let us see what will be the case while the adjustment is going on.

It is worth while to note that the rise that will take place when the standard is reduced will be really one only in name, because the same actual purchasing value of money will be given for commodities as before. But the way in which the rise in nominal value will take place is subject to some very interesting influences. The first rise will be in the price of foreign commodities, imported into this country. This rise will be instantaneous. If a change in the coinage reducing the dollar to half its former value were to take place at noon, the invoice of foreign merchandise to be paid for at five minutes past 12 must be paid for in twice as many dollars. It will be worth no more. Say that its price was $10,000 in gold before the change; its price will be $10,000 in gold after the change. But that $10,000 in gold can only be paid by $20,000 of the dollars cheapened one-half. As all foreign commodities must be settled for in gold, the first and immediate effect of a reduction of the standard will be to raise the prices of all the goods which this country purchases from foreign lands in exact proportion to the depreciation of the standard or the nominal appreciation of gold.

If this were accompanied by an equally prompt rise in the nominal prices of all domestic products and services, there would be neither harm nor good from it, except that falsification of the standard in which debts are paid. But there are many reasons why the prices of the domestic commodities cannot advance so quickly. For instance, supposing a farmer, to secure advances on his crops, has contracted to deliver them to a dealer at a fixed price. He is a debtor, but he is a debtor who is to pay his debt in commodities and receive therefore a credit in money of account; and the money of account will be half the value he expected to receive. The census report gives an estimate of crop liens, North and South, of $400,000,000 to $500,000,000. Here is a factor of immense size tending to force the crops into market to realize the discharge of the liens in the depreciated money and preventing a rise of the products to correspond to the reduction of the standard. The portion of the crops that is exported will, when they get to the ultimate market abroad, be worth exactly the former price in gold. This will tend to raise the nominal price in the depreciated currency. But of $3,500,000,000 agricultural products about $700,000,000 are exported. Of the factors of demand therefore on the products of the very class that is most deluded by the free silver sophistry, one-fifth will incite the advance, four-fifths will delay it.

This would be the case under normal conditions; but when it is mixed up with a convulsion in credits, it must be

greatly aggravated. We have seen in the statistics of prices heretofore quoted that the decline of prices during three years of disturbed credits rivaled, and in many leading staples exceeded, the decline during the 20 years of alleged demonetization. It is worth while therefore to see what the condition of credits would be during this process of raising prices by enacting that a half dollar shall in the future be a dollar.

There are, in all, about $4,885,000,000 of bank deposits. Of these $3,075,000,000 is loaned on commercial and short time paper, while $1,810,000,000 is invested in mortgages; but the creditors—the savings bank depositors—have the right to withdraw on a notice running from two weeks to three months. Now, if these depositors, numbering over 6,000,000 people, are confronted with the fact that at the given time their deposits of about $800 each, are payable on the gold basis, but that six or nine months later they will be payable in coin of half value, what will they do? Will they sit idly by and suffer the loss of half their savings? Those of them who are too ignorant to understand the change will do so; and in such cases the result will be that, as is always the case in such fluctuations, the unwary and uninformed suffer the loss, while the sharp and unscrupulous not only escape it, but reap all the advantages that are to be gained. But the knowledge of the impending change will be general enough to start an immense demand from these depositors for gold or gold value. To meet this demand the banks must call in their loans; merchants and manufacturers must liquidate; transactions must be impeded. the liquidations of 1873 and 1893 are only a premonition of what must take place if such a preannounced and deliberate lowering of the standard were enacted.

Not only would the wiping out of the credit by which the daily movements of trade are carried on be inevitable, but the shock to the public faith and credit would be one from which it would take years to recover. By maintaining good faith and a stable currency we have made money abundant on good security and interest rates cheap. But with the experience that the nation deliberately enacted a scaling down of debts on account of an alleged and fancied injustice of 23 years before, will lenders be willing to go on lending subject to the hazard of a new attack by demagogical schemes? Could we blame the savings bank depositor who finds half his savings surreptitiously taken away from him, if he should conclude that after all the example of the thrifty French peasant, who hoards his savings in some hiding place, is the wisest one? It took 20 or 30 years for this country to recover from the effects of the State repudiations in the first half of the century. Some of the Southern States which scaled down their debts of the reconstruction and war period have not recovered from it yet. How many decades would it take for the United States to recover from the loss of credit and good name due to a universal scaling down of debts by national authority under the guidance of a party pledged to that measure of dishonor?

Now, while banks, merchants and manufacturers were liquidating, while industry was standing still and labor was idle and starving, how much advance could there be in the price of domestic products; and how long would it take during the years of recovery for domestic products to rise to the same level as the advance in the foreign products? They would eventually readjust themselves, but while the process was going on the loss would be an enormous one. The poverty of the people would reduce the consumption of foreign products; but what they consumed they would have to pay more for, measured in their own products.

This is the statistical history of every depreciation of a nation's currency, with one exception. There never has

been a case of a deliberate and preannounced movement of depreciation, such as this would be, if the free silver party were to succeed. Consequently, the necessity of a universal liquidation and suspension of operations through the previous knowledge of the change, has never been encountered. Nations have gone to a depreciated basis heretofore, because they could not help themselves, and so the preliminary convulsion has been escaped. But the unvarying rule of the change has been that in such circumstances the prices of foreign products, rose to the extent of the depreciation first, the prices of domestic products followed at a respectful distance, and the rate of wages rose in proportion last of all.

This vital and crucial fact that the wage-earner would be the heaviest loser from the change is testified to by universal experience. The wage-earner must lose, first, by the suspension of industry; and, second, by the law of nature that his class is the last to find out that the money in which he is paid will purchase less than formerly, and the one who has most difficulty in advancing the price of that which he has to sell. The silver men practically admit this in their references to India and China, although they are not clear-minded enough to perceive the force of their admission. They say that these silver countries are able to produce their staple commodities at the old price, and thus undersell the United States. That can only be true on the hypothesis that wages have not risen, in proportion to the depreciation of silver; which gives the silver movement the peculiar guise of a proposition to bring American labor down to something resembling the level of the Indian and Chinese laborers. The fact is that Indian labor has risen somewhat. During the 20 years in which it should have risen nearly 100 per cent to equal the depreciation of the rupee, Indian wages have risen 50 per cent, making an actual depreciation of 25 per cent in the purchasing power of these wages. Possibly Chinese labor is so ignorant, and abject that its wages have not risen at all in silver, or, what is equivalent, have declined 50 per cent in purchasing power. Exactly the same experience is testified to from Brazil, Colombia and other South American countries, where prices and the cost of living have advanced 100 to 200 per cent by the depreciation of the money, but wages have increased only 50 to 60 per cent. We think American labor is too intelligent and free to let its wages drag along 15 or 20 years without rising in proportion to the lessened standard; but that it will take considerable time to bring it up is evidenced by one illustration from the history of this country.

Thirty-three years ago the country went to a depreciated currency basis. At one time its dollar was worth, in purchasing power, 35 per cent of the gold dollar. Did wages advance in proportion, so that they were three times in 1864 what they were in 1861? On the contrary, they did not keep up to the advance in prices, while prices could not quite keep up to the fluctuations in gold. The statistics of the period 1860 to 1866 show that prices calculated in paper money had risen 116 per cent, while wages advanced 43 per cent. There was the stimulant to wages, that a million men were employed under arms in putting down the rebellion; but, even with that stimulant, labor four years after the nominal rise in gold, measuring the depreciation in currency, had to pay more than double prices for everything it bought and got only 43 per cent advance in wages. The actual meaning of this was that for a period of at least four years wages were reduced one-third by reason of the depreciation of the currency in which it was paid.

This reduction of wages by paying them in an inferior dollar is the benefit to which the free silver demagogues invite the workingmen of the country. It is the overwhelming fact that the free coinage proposition proposes some-

thing which, if it should be done, would produce an immense convulsion in the process of which the two classes to which these sciolists address their sophistry, the farmers and wage-workers, would be the heaviest and most universal losers. The speculators and manipulators would reap their harvest. Bankers and merchants by foreseeing the change can take precautions to minimize their loss; but the common people are to suffer both by having their earnings scaled down, and by having the much-vaunted rise in prices take the form of a rise in what the people have to buy, while the corresponding rise in what they produce must be much delayed, if not indefinitely postponed.

The cost of the change therefore would be:

A convulsion of credit and stagnation of industry and commerce.

Immediate rise of imported commodities in the depreciated currency and a slower rise in domestic commodities, making the people pay more for what they buy than they receive for what they produce.

Loss of wages to labor, first through suspension of industry and, second, from the payment of wages in depreciated money.

* * *

XX.—Standards and Savings.

Over a week ago The Dispatch invited discussion by its free silver correspondents of the two following questions, as crucial ones in the discussion of free silver coinage:

First—Since the monetary demand of the whole world for gold could not prevent its depreciation in purchasing power from 1850 to 1865, when it was the more abundant metal, what reason is there to hope that the United States Government, by its solitary and unaided action, can raise the price of the whole world's stock of silver when it has been the more abundant metal?

Second—If, on account of an alleged advance in the purchasing power of gold, due to demonetization of silver 23 years ago, it is proposed to scale down debts by reducing the standard through free coinage, what excuse is there in justice or reason for scaling down the debts of the past 10 years, contracted on the gold basis, and which constitute over three-quarters of the present outstanding total debt?

Not a single answer has been received to either of these questions.

Both of them are vital in the two branches of the discussion to which they respectively belong. Other arguments are almost equally conclusive, but these have the importance of compressing each within a single point a clear demonstration of the matter at issue. The first conclusively settles the point whether free coinage would reduce the value of the dollar to the market level of silver bullion, or would raise the market level of silver bullion to the present value of the dollar. During the period from 1850 to 1870, the production of gold was multiplied by four, and notwithstanding the monetary demand of the whole world, the purchasing power of gold, with all other influences considered, decreased 25 per cent. During the period from 1870 to the present date the production of silver has been similarly multiplied and it has depreciated 46 to 47 per cent, measured in gold. The comparison of the two great monetary events points straight to the conclusion that of this depreciation 25 per cent is due to the increased production, and of the remaining discrepancy between gold and silver, 10 to 11 per cent is due to the disuse of silver by European nations, and 10 to 11 per cent is the advance in gold due to the increased demand for European coinage. This conclusion is verified by the fact already shown that the decline in prices, after allowing for the special causes of improvements in machinery, methods of production and transportation, is just about 10 per cent. The Dispatch has repeatedly propounded this question from an early stage in the discussion, but no advocate of free silver has ever

attempted to answer it. It is decisive proof that what the whole world could not do with gold, the United States alone cannot do with silver, and that free silver coinage means the depreciation of the standard by about 40 per cent of the present value.

This point having been practically settled, that the depreciation of the standard means the scaling down of the debt to be paid in the depreciated standard, the second question becomes vitally pertinent. On account of the alleged advance in standard, proved by statistical inquiry to be about 10 per cent, but alleged to be 100 per cent, it is proposed to cut debts in two. Aside from the other monstrous features of this proposition in attacking the savings of the poor, in overturning credit and paralyzing industry, the question forces itself into the discussion. What justification is there in visiting, on account of an alleged hardship inflicted on debtors 23 years ago, a much greater and deliberate injustice on an entirely separate volume of business and industrial loans of the present date?

The fact is that in estimating the volume of present debt that has been contracted within the past 10 years at 75 per cent of the total, The Dispatch understated the fact. Of the $19,000,000,000 estimated debt of the country, $5,000,000,000 is of the class which does not run over a year or two, and if over five years old is a bad debt. Of the $5,669,000,000 railway mortgages, one-fourth was contracted in the past five years, and six-tenths in the past 10 years. Of the street railway, telegraph, telephone, light, heat and power companies' debt, over one-half is of the past five years, and eight-tenths of the past 10 years. Of real estate mortgages, 75 per cent was incurred in the past five years and 90 per cent within 10 years. Of government debt, three-eighths has been incurred within five years. Of other public debt, about one-third is dated within five years past, and two-thirds within 10 years. Thus, of the total of $19,000,000,000, there is $12,500,000,000 that was contracted within the past five years, and $15,000,000,000 within 10 years. All of the latter amount was contracted on the gold basis. The amount that it can have suffered by the alleged appreciation of gold is a very slight percentage of the whole, and not half the gain that has come from the reduction in interest rates. We do not blame our free silver friends for neglecting to answer the question, what reason or justice there is in cutting down this vast total of debt, including savings bank deposits, building and loan shares and life insurance policies. The question is unanswerable save by a frank admission that the entire proposition is a monstrous example of unreason and blind injustice.

These two questions having been propounded without answer, we shall consider ourselves at liberty to close the discussion next week by two articles showing the general conclusions from the established and undisputed facts. We closed the general controversy by communications a week ago, but prior to summing up we have deemed it proper to publish three, which appear elsewhere.

The question of "Student," whether an international agreement concerning coinage would not be likely to be abrogated by war, and whether that would not be "highly dangerous," permits of two or three answers. This country has the same system of weights and measures as England; but through two wars it never occurred to either power that it could injure the other by changing the weights or measures. Governments engaged in the struggle of war very often demonetize all coined money, so far as their realms are concerned, by the suspension of specie payments; but that does not injure the opposing government at all. The government engaged in war tries to keep up specie payments as long as it can, and the last thing it would do, if it had a monetary system of both silver and gold, would be to demonetize either,

so long as it could keep up specie payments in either or both. One of the strongest inducements, for an international agreement on bimetalism among the continental nations, is that it would permit them to add their silver stock to their reserve of money held to provide for the possible European war. We hope these facts will show our correspondent that as international bimetalism rests on the power of commerce between the nations to give a uniform value to the monetary metals, a war by which the commerce between the two belligerent nations would be suspended would make it impossible for one nation to injure the other, either by demonetizing gold or silver, or by suspending specie payments altogether.

The question of "J. S." with reference to the fact, brought out in The Dispatch the other day, that the free silver proposition of paying in cheaper dollars attacks savings bank deposits, on the supposition that they are presented as arguments on the free silver side, display a clever impudence that is refreshing. Our correspondent is evidently too intelligent a man to suppose that his propositions are fair argument; but the communication deserves publication as an example of bracing assurance.

The questions are, whether savings banks are honest from a sense of principle or only as honest as the law allows; whether strict honesty will not require the savings bank to pay its depositors in 100 cent dollars, after the law allows them to be paid in 50-cent dollars, and to pay the extra price for the gold necessary to do so; and whether the plea that they cannot get the gold does not show that the supply of gold is inadequate.

These questions first ignore the fact that about half of the savings deposits of the country are in savings banks having no capital stock. In these institutions the depositors are directly the owners of the mortgages and securities in which their savings are invested. If the law permits these mortgages and securities to be paid in 50-cent dollars, amounting to about $900,000,000, it would devolve on our correspondent to show the 2,400,000 people thus defrauded out of half their savings how they can recompense themselves by going to some outside source to raise from their own resources the $450,000,000 of gold to repay themselves the loss inflicted on them by the law.

With regard to the other half, in which savings banks having capital stock are responsible to the depositors, it is a pertinent answer to our correspondent's question to say, first, that corporations, being entirely creatures of the law, are very apt to conform to the standard of honesty established by the law, and to ask, second, whether the people expect savings banks to be more honest to them than they declare by law that they will be to the savings banks. But those answers are not complete, in view of one fact which is entirely ignored by the inquiry.

That is, that the action of the law will not permit the savings banks, although they should wish it, to do anything else than pay their depositors in the cheaper dollars. The savings banks have in round numbers $2,000,000,000 of resources. Of that sum one-tenth belongs to the shareholders, in capital and surplus, and nine-tenths belong to the depositors. Practically all of it is invested in mortgages and bonds. Now, when the law allows those mortgages and bonds to be paid in 50-cent dollars, the value of the two thousand million of assets is reduced to $1,000,000,000 measured in the old standard. If the savings banks should attempt to pay in gold their whole resources would only pay $1,000,000,000 out of the $1,800,000,000 deposits. If our correspondent can indicate a process by which the $200,000,000 belonging to the banks, already exhausted when the $1,000,000,000 was paid in gold, can be expanded to purchase $800,000,000 more gold to make the depositors whole, he knows a secret of unbounded wealth, that will make the Rothschilds, Vander-

bilts and Goulds, all rolled into a lump, pale their diminished fires.

The question of the adequacy of the gold supply has nothing to do with this point. There was gold enough to permit these $1,800,000,000 of deposits to be made on the gold basis. There was gold enough to permit that sum to be invested in mortgages and securities, so that the depositors might get their interest. There is gold enough to insure that the depositors will be paid on the gold basis, as they may want their money, if the free silver craze does not overturn things. But the point is simply this: There are $1,800,000,000 of the savings of the people loaned by savings banks on mortgages and securities, just as there are about $6,000,000,000 of other savings loaned in the same way. These savings the free silver school proposes to have paid in cheapened dollars, and that is all that these ten or twelve million creditors can get for their savings, if the silver campaign is successful.

* * *

XXI.—Reviewing the Facts.

In the series of articles on the silver question which have been running in The Dispatch since the opening of June, the chief purpose has been to establish definitely the points of fact on which the question must be decided, if it is decided by intelligence. In most cases the settlement of a question of fact has carried with it a very patent and effective conclusion as to the free silver theory; but to base the final conclusions upon a complete and comprehensive view of the actual facts, it is well to review the discussion and see what has been shown by it.

The question, it should be borne in mind, is the proposition that the United states shall by its solitary action adopt free silver coinage. The action of other nations does not, therefore, properly enter into the discussion, except as it illustrates the results that must be expected, or shows causes to have existed outside the United States, which the free silver theories attribute to the United States. In that relation a good deal of attention has been given to the facts in other countries, and has established facts indicating a correct conclusion as to an international policy.

I.—In investigating the assertion that the United States used gold and silver equally prior to 1873, but that by the crime of 1873, silver was stricken down, and has been kept down ever since, the following facts have been shown:

1—That the act of 1873 did not demonetize a single silver coin then in monetary use by the people of the United States.

2—That the real act of demonetizing silver took place in 1853, when the fractional silver coin, which, up to that time, had been a legal tender, and constituted 97 per cent of all the silver coined in the country up to 1850, was restricted in legal tender and denied free coinage.

3—That as declared on the floor of congress in 1853, and shown by memorials, the country was then on a gold standard, and the purpose of the act of 1853 was to keep it on a gold standard, retaining fractional silver as subsidiary coin, and leaving the silver dollar, of which $2,356,000 were then coined, in the words used at that time, "as an article of merchandise."

4—That the effect of this act was to increase the coinage of silver for subsidiary use, $59,824,000 being coined in the 23 years from 1850 to 1873, against $74,461,000 in the 53 years prior to 1850; while the fact that the silver dollar was not in monetary use prior to the suspension of specie payments is shown by the fact that only $1,723,770 were coined during the 10 years, 1853 to 1862, inclusive.

5—That when the act of 1873 was passed the country was using neither gold nor silver, except on the Pacific Coast, where silver was only used for small change; and that the only change which that act made in silver coinage, was to substitute for the silver dollar which, up to that date, had not

been one-hundredth part of the total coinage of the country, the trade dollar of greater weight, to make it more advantageous for export, the only purpose for which silver dollars were then coined at all.

6—That the act of 1873 had that effect, the silver coinage in the subsequent five years under its provisions being $79,120,000, against $9,287,000 for the five years prior to its enactment; that the acts of 1878 and subsequent legislation immensely increased the total silver coinage and purchase, being $705,000,000 in 23 years after 1873, against $143,000,000 in the 80 years prior to 1873; that of silver dollars the United States coined 429,000,000 since 1873 and 8,000,000 before 1873; that of the coinage of the country greater than fractional silver prior to 1873, gold coin constituted 99 per cent, and silver dollars just about 1 per cent; that of the coinage since 1873 silver constituted nearly one-third and gold a little over two-thirds.

These facts show conclusively that the allegation that the United States has, by its action in 1873 and since, struck down and discriminated against silver is a monstrous fabrication. The act of 1873 did nothing but provide for the coinage that had been in actual use prior to the suspension of specie payments, and was then in actual use in California. It demonetized nothing but coin that was not and had never been in general use, and it substituted for it a silver dollar that was coined in the next few years, at an annual rate 36 times that of the silver dollar before its passage. Of all silver coinage in the United States since 1873 the annual rate has been 17 times as great as before that year; and of the silver dollars which are the especial subject of the free silver grievance the annual coinage has been 250 times as great since 1873 as before. In brief, silver was not used in the United States except as subsidiary coinage prior to 1873; since then its use has been immensely increased.

With regard to the action of foreign governments we have shown:

1—That by the immense increase in the production of gold, after 1848 the purchasing power of gold declined. Gold became the cheaper metal.

2—That by this decline silver advanced to a premium of 4 to 7 per cent, the advance in commodities being much greater. The force of a policy of international bimetalism was recognized in the fact that while gold drove silver to a premium and out of such bimetallic countries as France, silver did not advance in gold value, to the full degree that commodities did.

3—That after this influence had induced Germany, Austria and some other countries to adopt the single silver standard, an international movement was started to adopt the single gold standard; that this movement was opposed, and was not generally adopted; but that the silver standard countries were so dissatisfied with their money that they made the change independently.

4—That after this movement had begun and Germany had adopted the gold standard, the increased production of silver together with the German demonetization reduced the value of silver so that in 1874 it became cheaper, relatively, than gold; and that the Latin Union, which undertook to sustain bimetalism, was forced to limit the coinage of silver in 1874, and in 1878 to suspend it altogether.

In these facts we have recognized that the action of European Governments had its influence concurrently with the increased product of silver, in depreciating its value; but we have shown the silliness of the slander that this was a conspiracy of the money kings as displayed by the fact that the gold movement favored the adoption of what was at the time the cheaper and most abundant metal. The most indisputable fact is that the causes which have depreciated silver were entirely outside the legislation of the United States, and that our government has not affected

the matter in any way except (1) to resume specie payments in that coin, which it used before specie payments were suspended; and (2) beginning with the same date to increase its coinage of silver to an amount unheard of in its previous history.

II.—The historical basis of the free silver movement having been shown to be wildly, persistently and in one respect mendaciously erroneous, the questions as to what the result of free coinage would be, naturally come up. The first in legitimate order is that with which some of our free silver contributors opened the discussion, whether free coinage by the United States alone will raise the value of silver bullion to our present standard, or would lower the standard to the monetary value of the bullion in a silver dollar. The assertion of the silver advocates that the Government and monetary demand for silver money would raise the price of silver bullion all over the world from 69 cents to $1.29 per ounce, in gold, was met by the following points of fact:

1—The coinage demand of the United States for the past 20 years has been 17 times as great as it was for the entire period of alleged bimetalism, and the price of silver has fallen.

2—The monetary demand of all the South American countries, and of the vast populations of India and China, making a total many times that of the population of the United States, has not been able to prevent silver from falling.

3—The monetary demand of the whole world for gold could not prevent it from declining after the immense increase in production, from 1848 and during subsequent years, by a proportion indicated at about 25 per cent in purchasing value.

4—The unanswerable nature of this point is tacitly admitted by the free silver controversialists in the fact that while refusing our repeated invitations to discuss it, they proceed to declare that they wish to attain purposes that are only attainable by cheapening the standard. They declare that they wish to raise prices, and the only way in which prices can be raised through coinage is the nominal one of making a cheaper dollar, by having it decline to the value of silver bullion. They declare that they want a cheaper dollar so as to make it easier to pay debts; and if free coinage made silver rise to a parity with gold, it would be just as hard to pay debts as it now is.

III.—In this practical admission that they want the dollar reduced to the purchasing power of silver bullion, the free silver advocates entirely wipe out of existence their claim for the need of more money, and put themselves out of the rank of bimetalists. This makes the proposition mean:

1—The sending of gold to a premium and demonetizing it by exactly the same influence that demonetized silver from 1848 to 1870.

2—This would take away over $600,000,000 of our basic money, and leave us with less than 600,000,000 of silver dollars, and $700,000,000 of paper, reduced in purchasing power, and consequently able to conduct a less total of commercial transactions. Thus it does not mean more money but necessitates contraction.

3—This also means that the United States would not go to a bimetallic basis but to the single silver basis. It presents the issue plainly, so far as the United States is concerned, whether we shall retain the present gold basis or descend to silver monometalism.

IV.—With regard to the assertion that the act of 1873 has ruined industry, and oppressed the producer by causing a universal decline in prices, we have shown:

1—That the period from 1873 to 1893 was one of enormous and unprecedented prosperity and growth of material wealth. This prosperity, which was the ruling industrial characteristic of the United States from the beginning of 1879 to the close of 1892, is measured by the results of statistical comparison

afforded by the census reports of 1870 and 1890, as follows:

An increase of the total material wealth of the United States from the gold value of $24,000,000,000 to the gold value of $65,000,000,000.

An increase of the number of employes in the manufacturing establishments of the United States from 2,053,000 to 4,712,000, and of the total wages paid them, from the gold value of $620,000,000 to $2,253,000,000, an increase of 135 per cent in number and over 250 per cent in wages paid, with an increase of 60 per cent in the wages paid each employe.

An increase in the products of steel from 68,000 tons to 6,114,000 tons.

An increase in the product of cereals from 1,387,000,000 to 3,518,000,000 bushels, and of cotton from 1,307,000,000 pounds to 3,564,000,000.

An increase in the total of improved acres from 188,000,000 to 357,000,000.

An increase of the total production of manufactured articles from $3,385,000,000 to $9,372,000,000 in value and several times that in quantity.

An increase in the total exports of breadstuffs and provisions from $116,900,000 in 1872 to $439,609,000 in 1892.

2—That the reduction of prices which has been distinctive of the period has in every marked case been due to special causes entirely outside of the influence of coinage. Leading examples among them are:

The invention of new machinery and methods which permit the same labor to produce from two to six times as much as formerly.

The reduction in cost of transportation, by which prices are lowered in the shipping markets, without a corresponding decline at the points of production. Examples of this are, that wheat on the farms of Kansas, Nebraska and Iowa was shown by the census of 1870 to range from 45c to 48c in gold value; and that of the decline in the value of wheat in New York, just 19c per bushel is the decline in freight rates between Chicago and New York alone.

The immense multiplication in production shown by the figures quoted above, and the addition of new fields of production of the staples affected in other parts of the world.

3—The favorite assertion of the silverites that silver will purchase as much of everything now as it did in 1873 has been shown to be an utter and complete error. It will not even purchase as much wheat on the farms of Kansas and Nebraska as it would then. It will not purchase as much corn, pork, coal, leather, coffee, eggs or cheese. Out of 38 articles quoted in the Statistical Abstract of the United States for that period, there are only seven in which the percentage of decline has been as great or greater than that of silver.

4—After excluding the staples in which the decline is manifestly due to improved processes, or the opening of vast and new fields of production, the comparison of American prices with such European authority as Soetbeer shows that the decline in prices of general staples indicates an appreciation in gold of about 10 per cent.

5—While the decline in prices due to improvement, concurrently with the advance in wages and the increase in material wealth, is the leading characteristic of the alleged 20 years of demonetization from 1873 to 1893, the three years since the latter date have shown prostration and the decline of both prices and wages due to tariff tinkering, and the disturbance of credit due to the free silver threat. Three years of disturbed credit have done more injury than 20 years of the gold basis.

V.—With regard to the assertion that the increase of the standard has increased the amount that the debtor must pay, and that the injury to prosperity has increased the total of debts, we have shown:

1—That the total of recorded public debt decreased between 1870 and 1890, from $3,275,000,000 to $2,027,000,000,

That the amount of corporate and business debt on which there are statistics for comparison increased from $2,880,000,000 to $8,746,000,000. In other words, the debt which represented wasted wealth was paid off; while the debt which represents the investment in the means of producing more wealth has enlarged.

2—That the calculation by the Census Bureau of a total of debt of $19,000,000,000 for 1890 indicates at least a total of $10,000,000,000 for the same debt in 1870.

3—That therefore the increase of debt for the two decades was not quite one-quarter the total increase of wealth from $24,000,000,000 in 1870, to $65,000,000,000 in 1890.

4—That the utmost possible foundation for the assertion that debts have been increased by the advance in the purchasing power of gold permits an allowance of an increase of two-thirds of one per cent annually; while the gain to debtors in the decreased rate of interest from high public credit and stable basis of values has been from 2 to 4 per cent annually.

VI.—Incidental to the general subject of the alleged debts of the nation, and the lack of prosperity, two favorite assertions of the free silver men have been examined.

1—The declaration that this country owes $5,000,000,000 in securities held abroad, and has to ship $200,000,000 of gold abroad annually to pay the interest on them, has been shown to be a complete figment of the imagination by the fact that for 18 years prior to 1895 the net gold movement was about $6,000,000 in favor of the United States, and that during the same time the United States exported a balance of merchandise, which by statistical calculation reduced the $1,500,000,000 of securities held abroad in 1876 to between $500,000,000 and $1,000,000,000.

2—The assertion that the period of demonetization has fallen with especial hardship on the Western agricultural and mining States is disproved by the census statistics, showing that while the average per capita wealth in the United States increased from $780 in 1870 to $1,036 in 1890, the least increase in any of these States was in Minnesota, from $666 to $1,087, while in others it goes much higher, to a maximum in Montana from $737 to $3,427.

VII.—With regard to the proposition to reduce the standard in order that it may be easier to pay debts, we have shown:

1—That it is a proposition that because a limited and unintentional hardship may have been inflicted on a certain body of debts existing in 1873, it is now proposed to inflict a greater and intentional hardship on another total of debts existing in 1896. Of the total of debts now existing, not 10 per cent was in existence in 1873.

2—According to the utmost statistical calculation, the debt which has existed from 1873 to the present has been subject to an appreciation of gold, not above 15 per cent, while the free silver proposition is to scale down by 40 to 50 per cent a total of debt over three-quarters of which has been contracted in the past 10 years. The free silver men say that they wish debts paid in the standard in which they were contracted, but they propose to take a total of debt of which 90 per cent was contracted on the gold basis, and to transfer it to the silver basis.

3—In attacking the interests of the creditors, for the supposed benefit of the debtors, they propose to scale down the savings of the following classes of the common people:

The depositors in savings banks numbering 4,875,000 and having savings lent out at interest to the amount of $1,810,000,000.

The members of building and loan associations numbering 1,745,000 and having savings invested in mortgages of $450,000,000.

The holders of life insurance policies numbering about 1,200,000, with invested savings of $1,156,000,000.

The members of fraternal and bene-

ficial orders estimated at 2,500,000 to 3,000,000, whose payments to the orders made on the gold basis are to be returned to them scaled down to the silver standard.

The holders of fire insurance policies estimated at about 1,800,000 with investments due them of $1,352,000,000.

The pensioners of the United States numbering 956,000, with annuities amounting to $156,000,000.

The depositors in banks not business borrowers, and the stockholders in banks, together with small investors outside of corporate agencies, estimated at 3,000,000 to 4,000,000.

4—While these large classes include, in the majority, wage-earners and people of small means and property, it has been shown that the people who borrow from these classes have more property and larger means than the real lenders. The free silver proposition is, therefore, to take away a portion of the savings of the poor and frugal and give it to the borrowers who are better off.

VIII.—The proposition to increase prices by cheapening the dollar has been shown to involve the following facts:

1—The increase of prices by any such means is purely nominal. A bushel of wheat is now worth 63 cents in New York, because it is worth 5s 1d in Liverpool, both gold values. By having the value of the dollar cut in two it may be made worth $1.26 in New York in the depreciated standard, but that there will be no increase in actual value is shown in the fact that it will be worth the same 5s 1d in Liverpool.

2—That the operation of the change of a single nation from one standard to another is shown to be that imported products always rise first, because they have to be paid for, on arrival, in gold. The proposition is therefore that the American people must pay higher prices for all foreign staples for an indefinite period, before their products will rise in proportion.

3—That this rise in domestic products will be seriously delayed by the convulsion in credits which would follow the fore-knowledge that a change would be made, necessitating the calling in of bank loans, the stoppage of industry and the restriction of consumption to the narrowest limits.

4—That the last thing of all to rise in proportion to the inflation of prices due to a lowered monetary standard, is the wages of labor. Five examples have been cited in which the advance of prices from this cause has been 100 per cent, while wages in five to ten years have advanced only 40 to 50 per cent. The free coinage proposition to labor is, therefore, to exchange its 60 per cent increase of wages under the gold standard, for a 25 to 35 per cent decrease, by being paid in a cheaper dollar.

With these points of fact fully demonstrated, as they have been, our readers may be able to form their own opinions. It will, however, be pertinent to close the discussion with a general statement of the monetary policy that can be logically and justly founded on these indisputable premises.

* * *

XXII.—The Demands of Integrity.

Every intelligent man who has given attention to the question of the monetary standard must agree that the first and main purpose of the standard of values must be that it shall be subject to as little change as possible. Like any other measure, to either expand or contract it is a violation of the very reason of its existence. If the yardstick is either stretched or shrunken intentionally, it is a sign of dishonesty; if a merchant should be found with a bushel basket in his store having a movable bottom, he would be set down as a thief. No one can fully estimate the injustice and wrong that can be inflicted by a changeable yardstick or bushel measure. By how much less can the human mind grasp the vast injustice that is done by shifting a measure of values that may vitiate every transaction of trade and every payment of obligations.

A measure of length must have length; a measure of space or quantity must contain space; a measure of gravity must have its own gravity or weight; and a measure of value must have its value. But while material science has easily found measures of length, quantity and weight, containing those qualities, which do not vary appreciably, monetary science has not yet discovered a measure of values which is not subject to the changes in its own value by the altering conditions of demand and supply. The recorded experience of the world is that the use of gold and silver reduces these fluctuations to a minimum; and the clear purpose of just and enlightened monetary science must be to reduce the changes in the measure of values to the least possible degree, to make those that cannot be foreseen or avoided as gradual and harmless as possible.

It should also be understood that the injury or injustice wrought by a change in the standard is solely in vitating the correctness of the settlement of transactions. To suppose that the activity of production or the expansion of enterprise can be affected by a raising or lowering of the standard—except as it is hampered by the process of the change—is equivalent to supposing that more or less corn would be produced by changing the bushel measure, or more or less cloth weaved if the yardstick was shortened or lengthened. A very clear proof of this is found in the mercantile history of the world for the past half century. During the 26 years after the discovery of gold in California and Australia, when gold decreased in value by reason of its greater production, there was an immense expansion of material wealth; during the 23 years when gold has slightly enhanced in value, an even greater expansion of material wealth has taken place, due to the continuance of the same influences of invention and improvement. The means of producing more by the same labor, of lessening the distance between distant fields of production and the markets of consumption, continue whether the standard is raised or lowered. The material wealth produced is just the same whether the standard is raised or lowered. The material wealth produced is just the same whether it is measured by francs in France, by dollars worth five times as much in the United States, or by pounds worth about five times more in England. But the wrong and injustice of vitiating settlements by a sudden and revolutionary change in the standard may destroy credit and for a period visit immeasurable calamities on industry.

It follows, therefore, that while unforeseen and gradual changes in an adopted standard must be accepted as an indication of human inability to attain the perfected ideal, the intentional and deliberate alteration of the standard for the purpose of changing the measure of values is a monstrous and incalculable wrong. If the change by European nations from silver to gold in 1871 and succeeding years had been made, as charged by the silverites, for the purpose of raising the standard and increasing the amount of debt to be paid, the description of it as "a crime" would be correct. And if that were true, the pending proposition to deliberately and avowedly lower the standard for the purpose of decreasing the amount of debt to be paid, and taking away the exact percentage of depreciation from savings and wages, would be a no less wanton and unjustifiable crime.

We have seen in the examination of the subject that the charge of an intentional and deliberate raising of the standard in 1870 to 1873 is a persistent and malicious slander. The United States had nothing to do with it; the few European governments that changed from gold to silver selected the cheaper and more abundant metal, and provided what the free silver party of this date refuses to do, that payments contracted for in the old standard could be discharged by paying

the real value in which they were contracted. But even supposing that there was an injustice inflicted in 1870 to 1873, the fact that there was a wrong a quarter of a century ago does not at all justify the infliction of another and greater wrong to-day.

It is in the practical proposition that two wrongs make a right that the free silver advocates show their utter lack of moral sense or upright judgment. If it could be allowed that because of what was done in 1873 to one set of men, it is right to attack another and entirely distinct set of men a quarter of a century later, the free silver proposition contains its own disproof. For accepting the view that since 1873 there has been an appreciation in gold, if it is to be held that one change is to balance another, that appreciation can be set off against the decline in its purchasing power from 1848 to 1870. Prices outside the staples affected by inventions are not yet as low as they were in 1847, and if the movement in one direction can be justified by a movement in the opposite direction 25 years before, the results of 1873 have not yet balanced the movement in the opposite direction beginning in 1848.

Of course, the idea that a disturbance of the standard in one direction is justified by another in the other direction 20 or 30 years earlier is a product of the wildest and most irresponsible sophistry. The fact is that no such arrant unreason has ever controlled our legislation. The act of 1853 found the nation on the gold basis, placed there by the laws of trade, and enacted legislation intended to keep it there. The act of 1873 did nothing with silver but to conform to the conditions established in 1853, and existing then in the only part of the country using coin at all. The acts of 1878 and 1890, though carrying the policy of increasing the use of silver to a hazardous extent, kept the standard where it was, and the repeal of silver purchase in 1893 was for the express purpose of preventing the threatened change of standard to the silver basis. It is reserved for the free silver school alone in modern times to propose a radical and revolutionary lowering of the standard, with the avowed purpose, by some of them, and the real purpose, concealed only by deceptive phraseology, by others, of changing the measure in which debts must be paid.

Such a proposition to violate the basic principle of justice with regard to all standards and measurements cannot be entertained by the people of the United States, when it is understood that its immediate and chief results must be:

First—The demonetization of our $626,000,000 of gold, with only $549,000,000 of silver to take its place, and the contraction of the purchasing power of that silver and the $700,000,000 of outstanding notes by nearly one-half, thus reducing nearly $1,900,000,000 of our present money to a gold value of between $600,000,000 and $700,000,000.

Second—The contraction of credits, the stoppage of mercantile operations and the suspension of industry while the change is going on and the readjustment is made, and the indefinite stoppage of foreign investments.

Third—The scaling down of the savings and investments of the people, including savings banks depositors, building and loan associations, life and fire insurance policy-holders, United States pensioners and all the small investors, who, either through corporate agencies or outside of them, have saved their earnings and lent them generally to men of larger means to improve their property or carry on great industrial operations.

Fourth—The raising of the prices of foreign products first of all, so that the people must pay more for sugar, tea, coffee and a score of similar products during the years they are waiting for the price of their own products to recover from the contraction of currency and credits, and to rise in equal proportion.

Fifth—The vast robbery of wages in

the fact that even after the suspension of industry is over, the invariable rule is that wages do not rise in proportion to commodities, and that every depreciation of the currency has for years inflicted a loss on labor of from 25 to 33 per cent by the decreased power of its wages to buy the necessaries of life.

All this injury, injustice and loss is to be inflicted for the purpose of securing a nominal rise in prices, the true character of which is shown in the fact that the commodity now sold for a dollar will, if the dollar is depreciated one-half, be sold for two dollars, because the two dollars will be worth just exactly as much as the previous dollar was. In addition this purely fictitious change is urged on the monstrous proposition that because a smaller and wholly unintentional injury, compensated for by the reduction in interest rates, fell on debtors 23 years ago, therefore a greater and intentional injury is to be inflicted on the masses, comprising half the working population, who have invested their savings in interest-bearing securities, of which investments over three-quarters have been made within the past 10 or 15 years. When the people of the United States understand the enormous dishonesty and stupidity of the proposition and the incalculable damage it will inflict on the people, they will repudiate it overwhelmingly and conclusively.

In place of this fantastical freak of suicidal and dishonest tampering with the basis of trade, what is the proper course? Many people believe in adhering to the single gold standard; but the Republican party has declared the position which The Dispatch has held for many years, and in which it believes that the vast majority of the sober sense of the country agrees, in favor of establishing real bimetallism by the only means of securely maintaining it, through international agreement or concurrent action. This does not mean that there shall be an international treaty by which one foreign nation shall rule the coinage of another, as the Democratic candidate has ignorantly represented. It simply means that, by concurrent agreement, each nation in its own country shall establish a monetary use for silver which will both steady its fluctuations and enlarge the monetary stock of the world.

The reason for international bimetallism is two-fold. The first is that where it has a practically world-wide existence the fluctuations of the two metals minimize each other. We have seen that in the period when gold has immensely increased in production, silver all over the world went to a premium of 4 to 7 per cent in gold, which was considerably less than the rise in commodities. The free silver advocates have attempted to make this fact appear to be a support of their theory. As usual, they are unable to state the fact correctly, claiming that silver in the fifties and sixties declined equally with gold, and was retained in use. The fact is that it did not decline equally with gold, but went to a premium, which sent it entirely out of use in the United States—except fractional silver, after it was reduced to a ratio of less than 15 to 1—and practically out of use in France. But the same operation made the rise in silver much less than the rise in commodities, and proved that when bimetallism is international in extent, and only then, it decreases the relative fluctuations of the two metals.

The other reason is strongly akin to the one already stated. It is that the larger the stock of anything in the world the less effect will be produced by the increase or decrease of the annual production; and, in the same relation, if there are two sources of supply the increase of the one may be set off by the decrease of the other. To illustrate the principle from nature, if there is a vast body like our great lakes or the Mediterranean Sea the rise or fall of the streams flowing into it will exercise the slightest and most gradual effect, on the level of the main body, But if any set of men should declare

themselves dissatisfied with the level of the greater body, and should set up a smaller lake of their own fed by but one stream, its level would be very materially affected by the rise and fall of that single stream. The same is true of gold and silver. The total volume of the world's money will be nearly twice as great and fluctuations in purchasing power much less if both metals can be united in one great body. But it is absolutely necessary to secure that result that they be united in a single vast monetary total. The benefit cannot be attained if one nation sets up a little pool of its own, to rise and fall with the fluctuations of the metal it adopts.

To observe the basic principle of not falsifying the existing standard, any international arragnement should conform itself to the standard as it now exists. As The Dispatch has shown heretofore, the most complete solution of the question is in making the standard the joint value of the two metals instead of the value of the cheaper metal. Such a plan would permit the circulating notes to be redeemed and debts to be paid in equal values of gold and silver. This would make the variations of the standard and the mean of the fluctuations of both metals instead or the fluctuations of the cheaper metal under the old bimetallism or the fluctuations of the single metal under either monometallism.

These are reasons why the great mass of the people of the United States believe in real bimetallism as better than either gold monometallism or silver monometallism. How and when that gain can be obtained is a question for the future. The question now before the people is whether it shall retain its present standard or sink to the inferior and inconvenient silver standard with all the hazards of the change.

Some of our free silver critics have expressed a desire that The Dispatch shall say how much money per capita the Nation shall have, and where it is to get it under the gold standard. We have answered that to fix an amount of money per capita would be as stupid as to fix the amount of bread per capita. At one time money is abundant; at another it is scarce. That there should be elasticity in the paper circulation, elasticity that will contract when it is superabundant as well as expand when it is insufficient, is true. It is just as important that idle funds shall not accumulate to encourage specuation and bubble blowing as that when legitimate trade needs more current funds they shall be forthcoming. The means that can be provided for elasticity in the circulating medium are important topics, but that they have no bearing on the question now in issue is apparent in the fact that whether we adopt gold or silver, under free coinage, the amount of either will be fixed by the same influences of demand and supply.

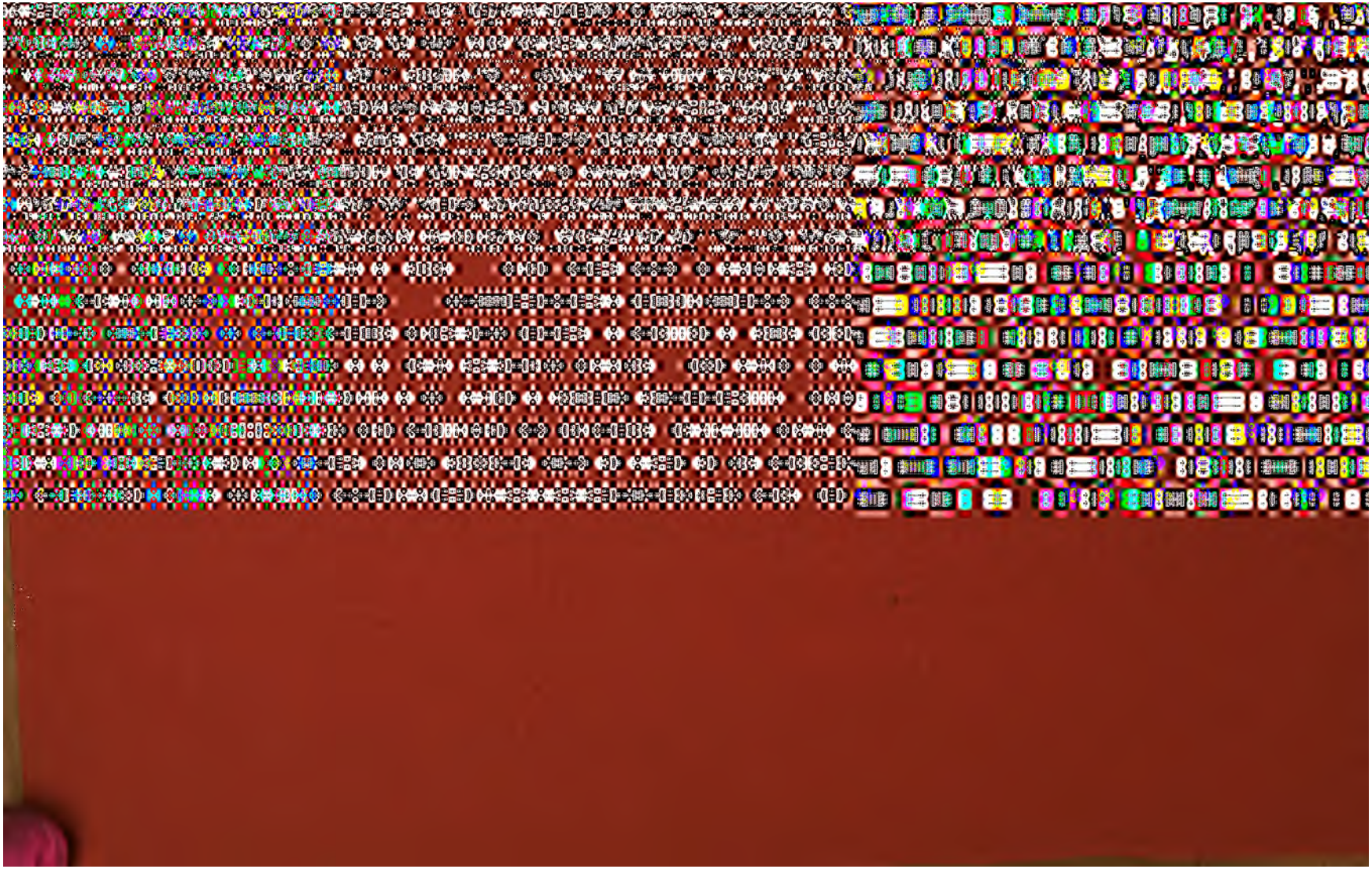
If we maintain the gold basis the amount of that metal that comes into our coinage will be governed by the trade demand, just as it has been for the past 20 years. If we adopt the silver basis by free coinage the amount sent to the mints for coinage will be determined by exactly the same force. So far as the question to be decided by the United States in this campaign is concerned, therefore, the amount of coined money that we are to have can be determined only by the natural demand and supply in this and other countries, just as its value is.

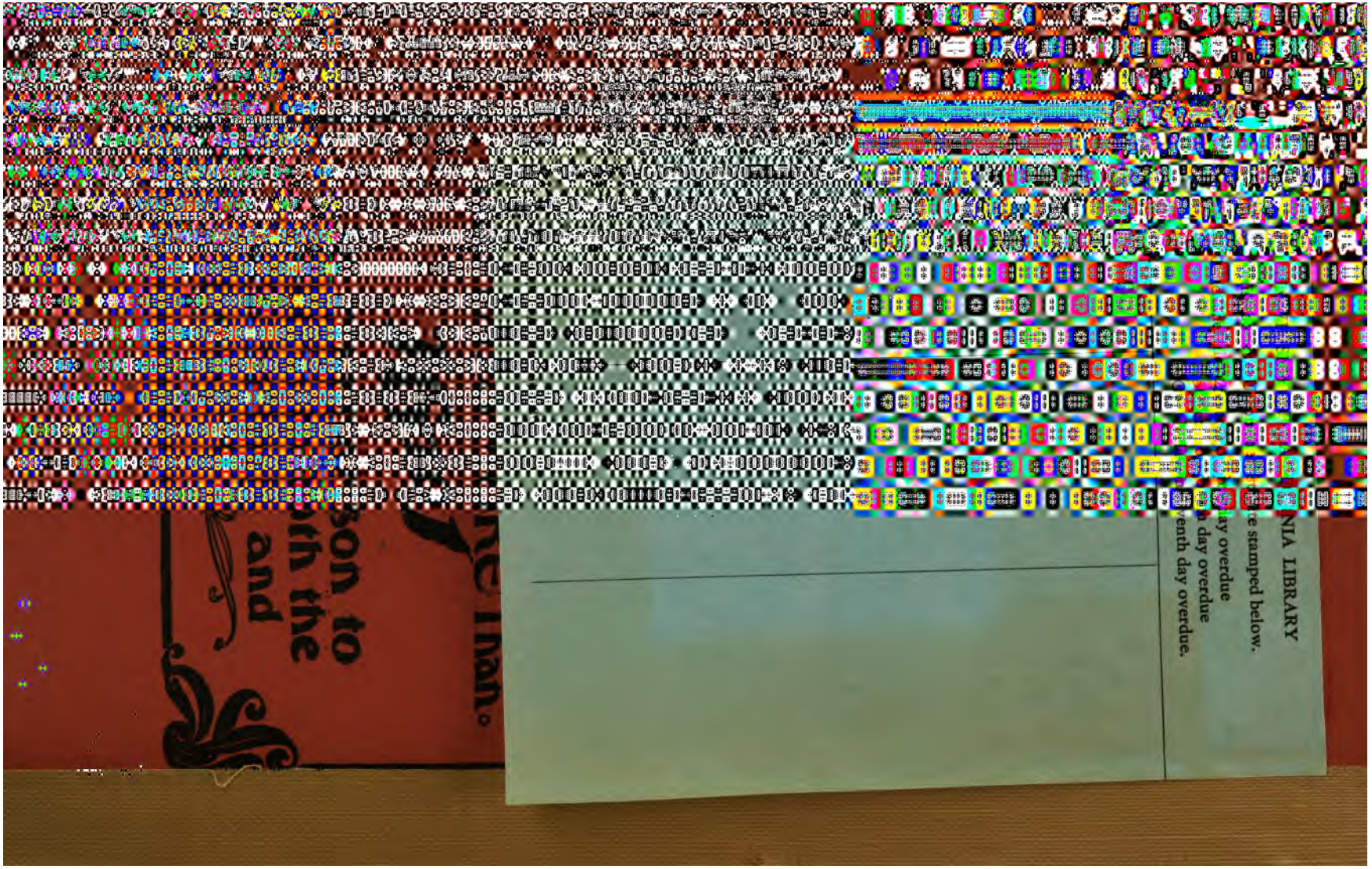
The question for the people to determine is whether they will retain the standard under which for 20 years prior to 1893 the country prospered, wages advanced, and industry and wealth multiplied, or whether they will make a change in the standard to gratify the irresponsible desire for overturning and upsetting existing adjustments, of which we have felt the dire effects for the past three years. The standard bearer of the free silver cause was one of the leaders in demanding the disturbance of industry by changing the

tariff arrangement and in picturing the benefits which would accrue to the people, and which have materialized in the actualities of disaster and prostration. He now appears as the champion of another change, more universal and far-reaching in its effects, more dishonest in its arguments, and of the true results of which he has already shown himself to be more utterly ignorant than he was concerning the tariff.

The most impressive measure of this ignorance is to be found in the belief that the public will be benefited by the rise of prices due to enacting that the present value of half a dollar shall be a dollar, and the delusion that the masses are to be benefited by scaling down the investments in which their savings can be put. There never was a more stupendous example of ignorant quackery than this. The way to benefit the masses is to encourage them to save their earnings, by making the investments in which those earnings can be placed secure and stable. It has been a crying evil of the day that the investment of savings in corporate shares has been so juggled with as to make it one of the means of concentrating into the hands of the great millionaires the wealth that ought to be diffused. But it is a travesty and aggravation, that after this wrong has been inflicted and the great manipulators are the representative owners of corporate shares, the savings of the masses are again to be attacked by a measure which, whether they are invested in building and loan mortgages or railway bonds, will scale them down nearly one-half, and in the largest instance will make a present of the loss of the small investors to the great corporate manipulators.

Prosperity, national growth and the welfare of the people are not to be secured by such means. Industry and commerce are ready to move forward if confidence is restored. The maintenance of credit, the upholding of the standard of strict integrity and the retention of the means which made the country prosperous and great, until the Democratic determination to overthrow things had its effect, are the need of the day. The standard by which the savings of the people and the wages of labor are to be paid cannot be tampered with and falsified without the greatest injury to the whole body politic.

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